

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR
1997

MAY 15, 1996.—Ordered to be printed

Mr. COMBEST, from the Permanent Select Committee on
Intelligence, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 3259]

[Including cost estimate of the Congressional Budget Office]

The Permanent Select Committee on Intelligence, to whom was referred the bill (H.R. 3259) to authorize appropriations for fiscal year 1997 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Intelligence Authorization Act for Fiscal Year 1997”.

TITLE I—INTELLIGENCE ACTIVITIES

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

Funds are hereby authorized to be appropriated for fiscal year 1997 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

- (1) The Central Intelligence Agency.
- (2) The Department of Defense.
- (3) The Defense Intelligence Agency.
- (4) The National Security Agency.
- (5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
- (6) The Department of State.
- (7) The Department of the Treasury.
- (8) The Department of Energy.
- (9) The Federal Bureau of Investigation.
- (10) The Drug Enforcement Administration.
- (11) The National Reconnaissance Office.
- (12) The Central Imagery Office.

SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.

(a) **SPECIFICATIONS OF AMOUNTS AND PERSONNEL CEILINGS.**—The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1997, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the Classified Schedule of Authorizations prepared to accompany the bill H.R. 3259 of the 104th Congress.

(b) **AVAILABILITY OF CLASSIFIED SCHEDULE OF AUTHORIZATIONS.**—The Schedule of Authorizations shall be made available to the Committees on Appropriations of the Senate and House of Representatives and to the President. The President shall provide for suitable distribution of the Schedule, or of appropriate portions of the Schedule, within the executive branch.

SEC. 103. PERSONNEL CEILING ADJUSTMENTS.

(a) **AUTHORITY FOR ADJUSTMENTS.**—With the approval of the Director of the Office of Management and Budget, the Director of Central Intelligence may authorize employment of civilian personnel in excess of the number authorized for fiscal year 1997 under section 102 when the Director of Central Intelligence determines that such action is necessary to the performance of important intelligence functions, except that the number of personnel employed in excess of the number authorized under such section may not, for any element of the intelligence community, exceed two percent of the number of civilian personnel authorized under such section for such element.

(b) **NOTICE TO INTELLIGENCE COMMITTEES.**—The Director of Central Intelligence shall promptly notify the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate whenever he exercises the authority granted by this section.

SEC. 104. COMMUNITY MANAGEMENT ACCOUNT.

(a) **AUTHORIZATION OF APPROPRIATIONS.**—There is authorized to be appropriated for the Intelligence Community Management Account of the Director of Central Intelligence for fiscal year 1997 the sum of \$93,616,000. Within such amounts authorized, funds identified in the classified Schedule of Authorizations referred to in section 102(a) for the Advanced Research and Development Committee shall remain available until September 30, 1998.

(b) **AUTHORIZED PERSONNEL LEVELS.**—The Community Management Staff of the Director of Central Intelligence is authorized 273 full-time personnel as of September 30, 1997. Such personnel of the Community Management Staff may be permanent employees of the Community Management Staff or personnel detailed from other elements of the United States Government.

(c) **REIMBURSEMENT.**—During fiscal year 1997, any officer or employee of the United States or a member of the Armed Forces who is detailed to the Community Management Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee or member may be detailed on a nonreimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

(d) **DECLASSIFICATION.**—In addition to amounts otherwise authorized to be appropriated by this Act, there is authorized to be appropriated \$25,000,000 for the National Foreign Intelligence Program for the purposes of carrying out the provisions of section 3.4 of Executive Order 12958, dated April 17, 1995.

(e) **NATIONAL DRUG INTELLIGENCE CENTER.**—In addition to amounts otherwise authorized to be appropriated by this Act, there is authorized to be appropriated \$32,076,000 for the National Drug Intelligence Center located in Johnstown, Pennsylvania. Amounts appropriated for such center may not be used in contravention of the provisions of section 103(d)(1) of the National Security Act of 1947 (50 U.S.C. 403-3(d)(1)). The National Drug Intelligence Center is authorized 35 full-time personnel as of September 30, 1997.

(f) **ENVIRONMENTAL PROGRAMS.**—In addition to amounts otherwise authorized to be appropriated by this Act, there is authorized to be appropriated \$6,000,000 for the Environmental Intelligence and Applications Program, formerly known as the Environmental Task Force, to remain available until September 30, 1998.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM

SEC. 201. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated for the Central Intelligence Agency Retirement and Disability Fund for fiscal year 1997 the sum of \$194,400,000.

TITLE III—GENERAL PROVISIONS

SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND BENEFITS AUTHORIZED BY LAW.

Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE ACTIVITIES.

The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or the laws of the United States.

SEC. 303. LIMITATION ON AVAILABILITY OF FUNDS FOR AUTOMATIC DECLASSIFICATION OF RECORDS OVER 25 YEARS OLD.

Section 307 of the Intelligence Authorization Act for Fiscal Year 1996 (109 Stat. 966) is amended striking out “fiscal year 1996 by this Act” in subsection (a) and inserting in lieu thereof “any of the fiscal years 1996 through 2000”.

SEC. 304. APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES.

(a) EXTENSION.—Section 905 of the National Security Act of 1947 (50 U.S.C. 441d) is amended by striking out “on the date which is one year after the date of the enactment of this title” and inserting in lieu thereof “on January 6, 1998”.

(b) FORMAT AMENDMENTS.—Section 904 of such Act (50 U.S.C. 441c) is amended by striking out “required to be imposed by” and all that follows and inserting in lieu thereof “required to be imposed by any of the following provisions of law:

“(1) The Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102–182).

“(2) The Nuclear Proliferation Prevention Act of 1994 (title VIII of Public Law 103–236).

“(3) Section 11B of the Export Administration Act of 1979 (50 U.S.C. App. 2410b).

“(4) Chapter 7 of the Arms Export Control Act (22 U.S.C. 2797 et seq.).

“(5) The Iran-Iraq Arms Non-Proliferation Act of 1992 (title XVI of Public Law 102–484).

“(6) The following provisions of annual appropriations Acts:

“(A) Section 573 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994 (Public Law 103–87; 107 Stat. 972).

“(B) Section 563 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1995 (Public Law 103–306; 108 Stat. 1649).

“(C) Section 552 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1996 (Public Law 104–107; 110 Stat. 741).

“(7) Comparable provisions.”.

SEC. 305. EXPEDITED NATURALIZATION.

(a) IN GENERAL.—With the approval of the Director of Central Intelligence, the Attorney General, and the Commissioner of Immigration and Naturalization, an applicant described in subsection (b) and otherwise eligible for naturalization may be naturalized without regard to the residence and physical presence requirements of section 316(a) of the Immigration and Nationality Act, or to the prohibitions of section 313 of such Act, and no residence within a particular State or district of the Immigration and Naturalization Service in the United States shall be required: *Provided*, That the applicant has resided continuously, after being lawfully admitted for permanent residence, within the United States for at least one year prior to naturalization: *Provided further*, That the provisions of this section shall not apply to any alien described in subparagraphs (A) through (D) of section 243(h)(2) of such Act.

(b) **ELIGIBLE APPLICANT.**—An applicant eligible for naturalization under this section is the spouse or child of a deceased alien whose death resulted from the intentional and unauthorized disclosure of classified information regarding the alien's participation in the conduct of United States intelligence activities.

(c) **ADMINISTRATION OF OATH.**—An applicant for naturalization under this section may be administered the oath of allegiance under section 337(a) of the Immigration and Nationality Act by the Attorney General or any district court of the United States, without regard to the residence of the applicant. Proceedings under this subsection shall be conducted in a manner consistent with the protection of intelligence sources, methods, and activities.

(d) **DEFINITIONS.**—For purposes of this section—

(1) the term “child” means a child as defined in subparagraphs (A) through (E) of section 101(b)(1) of the Immigration and Nationality Act, without regard to age or marital status; and

(2) the term “spouse” means the wife or husband of a deceased alien referred to in subsection (b) who was married to such alien during the time the alien participated in the conduct of United States intelligence activities.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

SEC. 401. MULTIYEAR LEASING AUTHORITY.

Section 5(e) of the Central Intelligence Agency Act of 1949 (50 U.S.C. 403f(e)) is amended to read as follows:

“(e) Make alterations, improvements, and repairs on premises rented by the Agency and, for the purpose of furthering the cost-efficient acquisition of Agency facilities, enter into multiyear leases for up to 15 years that are not otherwise authorized pursuant to section 8 of this Act; and”.

SEC. 402. REPEAL OF ADDITIONAL SURCHARGE RELATING TO EMPLOYEES WHO RETIRE OR RESIGN IN FISCAL YEARS 1998 OR 1999 AND WHO RECEIVE VOLUNTARY SEPARATION INCENTIVE PAYMENTS.

Section 2 of the Central Intelligence Agency Voluntary Separation Pay Act (50 U.S.C. 403–4 note) is amended by striking out subsection (i).

SEC. 403. IMPLEMENTATION OF INTELLIGENCE COMMUNITY PERSONNEL REFORMS.

None of the amounts authorized to be appropriated by this Act may be used to implement any Intelligence Community personnel reform until the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate are fully briefed on such personnel reform.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

SEC. 501. STANDARDIZATION FOR CERTAIN DEPARTMENT OF DEFENSE INTELLIGENCE AGENCIES OF EXEMPTIONS FROM DISCLOSURE OF ORGANIZATIONAL AND PERSONNEL INFORMATION.

(a) **CONSOLIDATION AND STANDARDIZATION.**—Chapter 21 of title 10, United States Code, is amended by striking out sections 424 and 425 and inserting in lieu thereof the following:

“§ 424. Disclosure of organizational and personnel information: exemption for the Defense Intelligence Agency and National Reconnaissance Office

“(a) **EXEMPTION FROM DISCLOSURE.**—Except as required by the President or as provided in subsection (b), no provision of law shall be construed to require the disclosure of—

“(1) the organization or any function of the Defense Intelligence Agency or the National Reconnaissance Office; or

“(2) the number of persons employed by or assigned or detailed to that Agency or Office or the name, official title, occupational series, grade, or salary of any such person.

“(b) **PROVISION OF INFORMATION TO CONGRESS.**—Subsection (a) does not apply with respect to the provision of information to Congress.”.

(b) **CLERICAL AMENDMENT.**—The table of sections at the beginning of subchapter I of such chapter is amended by striking out the items relating to sections 424 and 425 and inserting in lieu thereof the following:

"424. Disclosure of organizational and personnel information: exemption for the Defense Intelligence Agency and National Reconnaissance Office."

PURPOSE

The bill would:

- (1) Authorize appropriations for fiscal year 1997 for (a) the intelligence and intelligence-related activities of the U.S. Government, (b) the Community Management Account, and (c) the Central Intelligence Agency Retirement and Disability System;
- (2) Authorize the personnel ceilings on September 30, 1997 for the intelligence and intelligence-related activities of the U.S. Government;
- (3) Permit the Director of Central Intelligence to authorize personnel ceilings in Fiscal Year 1997 for any Intelligence element up to two percent above the authorized levels, with the approval of the Director of the Office of Management and Budget;
- (4) Authorize the President to stay the imposition of sanctions when to proceed without delay would seriously risk the compromise of an intelligence source or method or an ongoing criminal investigation and require reports to the Intelligence or Judiciary committees of the House and Senate;
- (5) Authorize \$25 million for carrying out Section 3.4 of Executive Order 12958;
- (6) Authorize \$32,076,000 for the National Drug Intelligence Center in Johnstown, Pennsylvania;
- (7) Authorize \$6 million for the Environmental Intelligence and Application Program;
- (8) Provide for expedited naturalization of a spouse or child of a deceased alien whose death resulted from the intentional unauthorized information regarding the alien's participation in the conduct of United States intelligence activities;
- (9) Provide the Central Intelligence Agency with multiyear leasing authority;
- (10) Relieve the Central Intelligence Agency from the requirement of double payments for Central Intelligence Agency employees who take early retirement under the Civil Service Retirement System in fiscal year 1998 and 1999;
- (11) Deny funds for the implementation of personnel reforms at the Central Intelligence Agency until the committee is fully briefed on the reforms;
- (12) Eliminate unnecessary differences between information disclosure statutes of the Defense Intelligence Agency and the National Reconnaissance Office.

OVERALL PERSPECTIVE ON THE INTELLIGENCE BUDGET COMMITTEE INTENT

The classified Schedule of Authorizations, and the detailed explanation of it found in the classified annex to this public report, contain a thorough discussion of all budget issues considered by the Committee and are available subject to the requirements of clause 13 of Rule XLIII of the House, to all Members of the House. The Schedule of Authorizations contains the dollar amounts and personnel ceilings for the programs authorized by the bill. The Sched-

ule is directly incorporated into, and is an integral part of, the bill. It is the intent of the Committee that all intelligence programs discussed in the classified annex to this report be conducted in accordance with the guidance and limitations contained therein.

SCOPE OF COMMITTEE REVIEW

U.S. intelligence and intelligence-related activities under the jurisdiction of the Committee include the National Foreign Intelligence Program, the Tactical Intelligence and Related Activities of the Department of Defense, and the Joint Military Intelligence Program.

The National Foreign Intelligence Program (NFIP) consists of all programs of the Central Intelligence Agency, as well as those national foreign intelligence and/or counterintelligence programs conducted by: (1) the Department of Defense; (2) the Defense Intelligence Agency; (3) the National Security Agency; (4) the Central Imagery Office; (5) the National Reconnaissance Office; (6) the Departments of the Army, Navy and Air Force; (7) the Department of State; (8) the Department of the Treasury; (9) the Department of Energy; (10) the Federal Bureau of Investigation; and (11) the Drug Enforcement Administration.

The Department of Defense Tactical Intelligence and Related Activities (TIARA) are a diverse array of reconnaissance and target acquisition programs that are a functional part of the basic military force structure and provide direct information support to military operations. TIARA, as defined by the Joint Chiefs of Staff and the Secretary of Defense, includes those military intelligence activities outside the General Defense Intelligence Program that respond to the needs of military commanders for operational support information, as well as to national command, control and intelligence requirements. The programs comprising TIARA also fall within the jurisdiction of the Committee on National Security.

The Joint Military Intelligence Program (JMIP) was established in 1995 to provide integrated program management of defense intelligence elements that support defense-wide or theater-level consumers. Included within JMIP are aggregations created for management efficiency and characterized by similarity, either in intelligence discipline (for example, Signals Intelligence, Imagery Intelligence) or function (for example, satellite support or aerial reconnaissance). The following aggregations are included in the JMIP: (1) the Defense Imagery Program (DIP); (2) the Defense Cryptologic Program (DCP); (3) the Defense Mapping, Charting, and Geodesy Program (DMCGP); and (4) the Defense General Intelligence Applications Program (GDIAP), which includes (a) the Defense Airborne Reconnaissance Program (DARP), (b) the Defense Intelligence Counterdrug Program (DICP), (c) the Defense Intelligence Agency Tactical Program (DIATP), (d) the Defense Intelligence Special Technologies Program (DISTP) and (e) the Defense Space Reconnaissance Program (DSRP).

COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee completed its review of the President's fiscal year 1997 budget, carrying out its annual responsibility to prepare an

authorization based on close examination of intelligence programs and proposed expenditures. This review reflected the Committee's belief that intelligence activities must be examined by function as well as by program and, thus, was structured across program lines and intelligence disciplines and themes. The Committee held six full Committee budget hearings on the following issues: Collection; Processing and Exploitation; Analysis; Dissemination; Community Management; and Covert Action. There were, in addition, 15 Members briefings on specialized issues and more than 100 staff briefings on programs, specific activities, and budget requests.

The Committee continued to place heavy emphasis on the future needs of the Intelligence Community. This was the key theme in the previous year's authorization process as well as in the Committee's ongoing work on "IC21: The Intelligence Community in the 21st Century," which is the subject of separate legislation, H.R. 3227.

The fiscal year 1997 budget request for the NFIP reflects an increase of approximately 6.3 percent over the amounts appropriated in fiscal year 1996. Based on the record developed at its hearings, the Committee has recommended an NFIP authorization that continues the rebuilding and revitalization of the U.S. Intelligence Community. When combined with the JMIP and TIARA accounts, the Committee's recommended authorization in the aggregate is 3.9 percent above the amounts requested by the President.

In 1995, given the limited amount of time available to review the budget between the beginning of the 104th Congress and the budget's submission, the Committee deliberately avoided making revolutionary changes to the President's request. However, when Chairman Combest brought the FY 1996 Intelligence Authorization Conference Report to the floor, he noted his dissatisfaction with that budget as submitted by the President, noting that it was a "snapshot" of immediate needs rather than a blueprint for the future. He said that he expected—based on conversations with the Vice President and the Director of Central Intelligence—to see a more forward-looking budget for fiscal year 1997. Unfortunately, in the view of the Committee, this was not the case. Therefore, the Committee's fiscal year 1997 actions reflects more significant changes to the President's request, particularly in the National Reconnaissance Program. The Committee hopes that the new leadership team at the National Reconnaissance Office will be attentive to the Committee's concerns and expectations. The Committee looks forward to working with them to assure that ongoing requirements and capabilities are sustained while invocation and some daring are restored to future programs.

Four basic themes used successfully in 1996 again governed the Committee during its review:

The Committee sought to evaluate each budgetary line solely on the program's merits.

The Committee did not work toward a specific budgetary number while evaluating the programs. In other words, the Committee did not look to fund some programs and then reduce others in order to find offsets so as to stay within a given arbitrary final goal. As was the case last year, the Committee continues to believe that Congress will accept an intelligence authorization consisting of

properly funded programs—even if that amounts to a significant increase in the aggregate of the President’s request for the Intelligence Community. Therefore, for the most part, each program adjustment was considered as an individual, substantive issue, rather than a fiscal one.

The Committee continues to emphasize the importance of “downstream” activities—processing, exploitation and the dissemination of intelligence data and analysis. Although the balance between collection and these other activities has shown some improvement, the Committee continues to be deeply concerned about the ability to utilize the volume of information that is anticipated due to the emphasis in past years on collection resource developments.

As noted, the Committee seeks to avoid short-term thinking and to build the Intelligence Community we will need in the 21st Century, the basis for which must be built today.

With these major themes in mind, several areas of interest developed in the budget review process. These included:

- Continued improvement in the centralized management of resources and collection;

- Continued improvement in cross-program management and operational efficiency;

- The methods by which intelligence requirements are evaluated and given respective priorities;

- Acknowledgment of the limitations and vulnerabilities of collection resources to increasingly capable foreign denial and deception practices;

- The need to harness technology to create improved intelligence networks—what some call the “virtual analytic community”;

- Reevaluating the validity of continued personnel downsizing, especially in the analytical and imagery exploitation workforces;

- Concern over the tension between increased openness and the necessary safeguarding of sources and methods.

AREAS OF SPECIAL INTEREST

PERSONNEL ISSUES

The Intelligence Community has been in the throes of downsizing since 1993 in response to a Congressionally mandated 17.5 percent reduction in civilian personnel. Former Director of Central Intelligence James Woolsey extended the downsizing goal for another two years, so as to achieve an overall reduction of 22.5 percent by the end of fiscal year 1999. This downsizing has not been without its price. The Intelligence Community workforce, which heretofore had looked to stable lifetime employment, saw a new environment where job security was no longer guaranteed.

At the same time, the Community failed to address system-wide personnel problems. To his credit, DCI Deutch made personnel reform a high priority. Even more noteworthy, the CIA’s Executive Director was able to push through a personnel reform package that addresses many of the issues that the Committee had highlighted in the past, such as, training and career development programs and the need for a new personnel evaluation system. It is unfortu-

nate, however, that the DCI's reform package was not completed earlier, so that funding requirements could be addressed fully in the Committee's bill. Indeed, the lack of information on this program, which will touch the lives and careers of every CIA employee, caused the Committee to adopt legislation—Section 403—denying authorization for the expenditure of any funds for personnel reforms until the Committee is fully briefed. The Committee has also learned that the Office of Management and Budget has not yet signed off on this proposal due to lack of information and details.

In keeping with the IC21 examination of the needs of the Intelligence Community in the year 2000 and beyond, the Committee believes it is vital for each NFIP agency to conduct a full skills-mix study updated periodically to ascertain what its personnel requirements will be at the end of the downsizing period. Employees currently in the work force should be given effective career counseling to enable them to determine their relevance to future intelligence missions, the likelihood that they will make a significant contribution to them, and whether they are currently on a positive career track. The Committee notes once again that the Intelligence Community has failed to establish a personnel evaluation system that objectively evaluates the performance and contribution of each of its employees. There is no systematic ranking of employees. Therefore, should the Intelligence Community have to make selective involuntary personnel cuts, most managers do not have objective criteria with which to weed out those who are underachievers. The Committee recognizes that the current personnel system is very successful in finding, hiring and retaining well-qualified and highly-motivated personnel. Nonetheless, there are poor performers who remain entrenched in the system. A better evaluation system coupled with annual rankings would help to remedy this problem. The Committee is still waiting for an Intelligence Community personnel program designed to evaluate all Intelligence Community employees on an annual basis, ranking them to identify the high-achievers and under-performers.

Recognizing that NSA has a particularly severe problem with the size, age, skills and make-up of its workforce, and in consideration of the work that NSA has already completed in this area, the Committee is sympathetic to the Secretary of Defense's request for authority to conduct a temporary program to permit the Director of NSA to offer, on a one-time basis, an opportunity for eligible employees in the Civil Service Retirement System at NSA to take early retirement and receive unreduced annuities. This program will address skills-mix problems at NSA and permit the retention of newly hired employees who represent the diverse employee environment that the NSA and our nation demand. Unfortunately, like the CIA personnel reform package, the DoD proposal was received too late for inclusion in the Authorization Act. However, this reform package was cleared by the Office of Personnel Management and the Office of Management and Budget. Therefore, to give it due consideration it was included in the IC-21 reform proposals, H.R. 3237.

The Committee continues to monitor carefully the hiring and promotion practices at CIA, DIA and NSA pertaining to minorities and

women. The representation of minorities at these agencies lags behind the percentage of minority employees throughout the federal sector. Women are also underrepresented, although not the same degree as minorities. The Committee continues to believe that the United States' diverse work force is not being tapped fully to bring the very best minds to the Intelligence Community. Many citizens have native fluency in languages other than English and intimate knowledge of diverse and different cultures. Although they may have recently gained their U.S. citizenship, they should not be arbitrarily excluded from employment simply because they were born abroad. Accordingly, the Committee plans to hold another hearing on diversity hiring practices later this session to continue the same focus on these issues as in past years.

AERIAL RECONNAISSANCE

Airborne Reconnaissance Low (ARL): +\$5.2 million

The budget request contained \$24.742 million for continued procurement of ARL components and aircraft.

In fiscal year 1996, the Army unilaterally reprogrammed funding authorized and appropriated for converting ARL-I and ARL-C aircraft to multi-disciplined ARL-M aircraft. These reprogrammed funds were applied to the ARL moving target indicator (MTI) radar effort. Although this was an under-threshold reprogramming action, it was not done with the consent of the congressional defense and intelligence authorization committees. The Committee does not condone the Army's actions. However, the Committee does support the validated requirement for MTI on ARL, and it is aware of a shortfall in procurement funding to complete the MTI purchase.

Therefore, the Committee recommends an additional \$5,200,000 for completing the MTI buy. However, the Committee directs the Army to resource all necessary funding to complete the ARL-I/C conversion to ARL-M from within other Army programs.

Tactical Air Reconnaissance Pod System (TARPS): +\$2.6 million

The budget request included \$13.9 million for continued operation and maintenance of the F-14 TARPS system.

The Committee is aware of the continued reliance on TARPS by the Navy, and more importantly, by theater commanders. The Committee is convinced that TARPS will be required and used well into the next century. Therefore, the Committee recommends an addition of \$2.6 million for the continued TARPS maintenance and reliability/supportability upgrades.

Battle Group Passive Horizon Extension System—Surface Terminal: +\$1.0 million

The budget request included \$1.853 million in PE 64721N for continued research and development of the Battle Group Passive Horizon Extension System—Surface Terminal (BGPHEs-ST) capabilities.

The Committee is convinced of the utility of the BGPHEs-ST and is gratified that the Navy has elected to procure ground station capabilities already developed by the Air Force to keep costs down. However, the Committee is concerned that the Navy has not yet

provided a capability to fully exploit airborne systems' abilities to collect the class of threats known as "PROFORMA." Therefore, the Committee recommends an additional \$1,000,000 be provided for the Navy to procure existing USAF processing capabilities and algorithms. Specifically, this funding will be used to integrate EPR-157 or EPR-208 functional capabilities in existing BGPHEs-ST hardware.

U.S. Navy Joint Surveillance and Targeting Radar System integration: +\$10.0 million

The budget request included no funding for providing U.S. Naval forces the ability to receive, process, or utilize the Joint Surveillance and Targeting Radar System (JSTARS) moving target indicator (MTI) synthetic aperture radar (SAR) system.

The JSTARS MTI radar system will soon reach initial operating capability. However, neither the Air Force or Navy is adequately prepared to make efficient use of the JSTARS product. As a result, neither will be able to effectively utilize the advanced, standoff weapons that will soon be fielded to attack large numbers of mobile targets. In the Air Force, the key technical limitation is the requirement to use low-capacity and unreliable voice communications to provided target and threat information to attack aircraft. The Air Force is equipping JSTARS platforms with Link 16 and appropriate message sets, but until this year showed little interest in procuring data links sets for its ground attack aircraft.

The Navy, in contrast, is already committed to procuring Link 16 capabilities for all of its tactical aircraft, but has shown no appreciation of the enormous improvements that JSTARS would make to Navy interdiction capabilities. This disinterest is puzzling since the naval aviation's performance in Operation Desert Storm in support of U.S. ground forces was not as stellar as it might have been, and since the Navy has expressed such a firm commitment to power projection ashore.

Furthermore, the Navy is seeking approval for so-called "arsenal" ships based in large part on their presumed ability to help halt an invasion with missiles such as Tomahawk. However, the Navy has almost no ability to acquire moving targets at long range, pass the data to Tomahawk mission planning cells, and update the missiles in flight as target dispositions change. Although the Tomahawk program office has proposed a program to correct these deficiencies (including JSTARS, Link 16, and smart submunitions), the Navy overall has yet to define an end-to-end architecture.

The Committee believes that several steps are clearly in order. The Navy's tactical command, control, communications and intelligence system does not have the ability to communicate via Link 16, and Navy systems cannot receive, process, and display JSTARS MTI data. The Committee recommends an additional \$10.0 million to develop these capabilities aboard ship, and to ensure that navy attack aircraft can receive and display JSTARS Link 16 data for use in standoff weapons targeting. The Committee directs the Secretary of the Navy to provide a report on the status of this initiative by April 15, 1997, which includes an estimate of the total funding required to equip appropriate Navy ships, aircraft, and missiles with a JSTARS targeting capability.

SENIOR SCOUT: +\$.6 million

The budget request included \$1.3 million for operations of the SENIOR SCOUT intelligence support system.

The Committee recognizes the capability provided by the SENIOR SCOUT system, and also recognizes that this system could be effectively used to backfill systems such as the RC-135 and EP-3 that are being pressed into high operations tempo rates in various crisis and contingency areas. The Committee therefore recommends an additional \$600,000 be provided for the Guard's CINC's "initiative fund" to pay for C-130 transport flying hours to carry the SENIOR SCOUT package.

PACER COIN

The budget request contained \$2.6 million for spares and \$8.0 million for operations of the C-130 PACER COIN special mission aircraft.

In the statement of managers (H. Rept. 104-450) accompanying the fiscal year 1996 Defense Authorization bill, the conferees directed the Department of Defense to determine if PACER COIN could be configured to perform multiple missions including the PACER COIN, SENIOR SCOUT and airdrop missions. This direction was based on the condition that a PACER COIN-unique mission would not be supported by the House defense and intelligence committees.

Preliminary indications are that such modifications are not only possible, but cost effective and would provide a viable and unique multi-role aircraft. However, the President's request included no funds for such modifications, and this Committee received no indication from the National Guard Bureau that this was an effort they wished to pursue. Therefore, the committee denies the PACER COIN funding request.

PREDATOR Unmanned Aerial Vehicle (UAV): +\$50.0 million—transfer \$107.8 million

The budget request included \$57.8 million as part of the Defense Airborne Reconnaissance Program (DARP) for procurement of two Predator medium altitude endurance (MAE) UAV systems.

The Committee is pleased with the demonstrated success of the Predator system in support of peacekeeping operations in Bosnia and understands that the Department has determined that Predator's demonstrated military utility merits its fielding to meet identified requirements.

The Committee notes that theater commanders-in-chief (CINCs) have requirements for 17 Predator systems, but that the requested funding does not support production rates to meet these requirements. Therefore, the Committee recommends \$107.8 million, an increase of \$50.0 million, to procure up to four additional Predator systems. Further, the Committee recommends transferring these funds from the Procurement, Defense Wide, appropriation to the Other Procurement, Air Force, appropriation in order to ensure effective management of Predator production.

The Committee also understands that the Air Force has identified a requirement to obtain a limited number of Predator systems to establish a training base for its Predator operators. The Commit-

tee directs the Secretary of the Air Force to conduct a cost analysis to determine whether leasing such systems (in addition to those procured) constitutes a cost-effective strategy for meeting this immediate training requirement. A report containing the details of this analysis and the Secretary's recommendations should be provided to the congressional defense and intelligence committees not later than 60 days after enactment of this Act. Further, if leasing Predator systems proves to be a cost-effective solution to this requirement and is recommended by the Secretary, the Committee urges the Secretary to pursue immediately such a lease arrangement for this purpose.

Joint Surveillance Targeting Attack Radar System: +225.0 million

The Committee is committed to classify properly those systems that are logically classified as tactical, joint or national intelligence systems. The Joint Surveillance Targeting Attack Radar System (JSTARS) platform and associated ground stations are currently contained in the Tactical Intelligence and Related Applications (TIARA) aggregation. Although the Committee realizes there are direct intelligence applications of the JSTARS associated Ground Support Modules (GSM) and the follow on Common Ground Stations (CGS), the Committee believes the JSTARS aircraft is a direct battle management and targeting applications weapon system, and not an intelligence system. Although it is true the JSTARS moving target indicator (MTI) radar system provides critical data to the operational and intelligence communities, the Committee believes the primary mission is direct weapon system targeting and should, therefore, not be contained within the TIARA aggregation. Conversely, since the associated ground stations are direct multi-source intelligence support applications with a definitive need to remain part of the entire intelligence support architecture, the Committee believes these must continue to be funded within TIARA aggregation.

U-2: +\$57.0 million

The budget request included \$28.280 million in PE 35154D for sensor upgrades to the U-2 aircraft.

The Committee is deeply concerned about the technical health of the various sensors carried on the U-2. The special sensors, for example, have not been upgraded since 1991 and are currently in several different configurations. Also, the multi-sensor role of the aircraft is limited because the Advanced Synthetic Aperture Radar System (ASARS) and Senior Year Electro-optical Reconnaissance Systems (SYERS) sensors cannot operate simultaneously. Finally, because of older technologies and implementations, geolocation for precision strike targeting is insufficient for required operations.

Therefore, the Committee recommends an increase of \$57 million for critical U-2 sensor upgrades. Of this amount, \$10 million is specifically for improving and downsizing the SYERS sensor such that SYERS and ASARS can be flown simultaneously. These funds will be also used to improve geolocational accuracies. The Committee directs that up to \$7 million be used for the ASARS Improvement Program (AIP) to ensure this upgrade can be fielded by fiscal year 1998. The remainder of the funding is to be applied to SEN-

IOR RUBY, SENIOR SPEAR, and SENIOR GLASS commonality upgrades. Specifically, the Committee directs that the Air Force upgrade the SPEAR/RUBY sensors to the GLASS configuration, and upgrade the SENIOR GLASS systems to an open architecture configuration consistent with an architectural approach approved by the Defense Cryptologic Program manager.

Further, the Committee directs the Department to determine, and program for, the necessary future years' level-of-effort funding to continue evolutionary U-2 sensor upgrades.

DARK STAR UAV: +17.5 million

The budget request included \$17.4 million in PE 35154D for the DARK STAR unmanned aerial vehicle (UAV).

Notwithstanding the recent loss of the first Dark Star vehicle, the Committee continues to support the objectives of the Dark Star program. The Committee remains convinced that the DARK STAR UAV holds significant promise for providing unique UAV support to the operational users.

The Committee is aware that the current linear scanning array sensor does not provide the integrated multi-disciplined imagery capabilities nor geolocation accuracies that an integrated electro-optical (EO/IR) framing camera could provide. The Committee therefore recommends an additional \$3.5 million for integrating existing EO framing with on-chip forward motion compensation technology into the aircraft and associated ground processing equipment.

Further, the Committee is aware of the synthetic aperture radar (SAR) coverage problem due to the use of a non-developmental antenna. The Committee understands the required design is completed, but no funds to implement the correction are available. Because the Committee believes there is a need to ensure full ground coverage within the radar's field of view, it recommends an additional \$10.0 million be provided to develop and install the necessary radar antenna.

Just prior to marking up this bill and during flight test, the DARK STAR UAV crashed on takeoff, destroying the vehicle. DoD is just beginning an investigation of the cause of the mishap and of any necessary corrective actions. The Committee notes that it may be necessary to replace this lost airframe in fiscal year 1997 or to accelerate the acquisition of vehicles 3 and 4, and to provide additional funding for recovery efforts. The Committee requests the Director, Defense Airborne Reconnaissance Office to provide recommendations to the congressional defense and intelligence committees prior to conference on these issues.

Finally, in the statement of managers accompanying the conference report on H.R. 1530 (H. Rept. 104-450), the conferees directed the Department to assess user needs against a more capable DARK STAR air vehicle. The Defense Airborne Reconnaissance Office (DARO) responded specifically to this directed action stating that major improvements could be realized. However, the DARO has shown no further interest to pursue such improvements. As representatives from several committees were told, the DARO wanted to fly and test this aircraft before they would/could consider any improvements. Yet, this same philosophy does not seem to per-

tain to the Global Hawk UAV, as the DARO is pursuing many upgrades to this vehicle's capabilities—long before its first scheduled flight in December 1996.

The Committee authorizes an additional \$4.0 million for developing a concept of operations and design of an improved DARK STAR UAV. This funding is to be specifically used to pursue the designs necessary to develop a DARK STAR aircraft with a unit fly away cost of \$20 million. The intent of this additional authorization is to provide the option for a more capable aircraft to potential users that satisfies the survivable long dwell reconnaissance need in a high threat environment.

Global Hawk UAV: –\$10.0 million

The Committee directs that no funds authorized for appropriation for the Global Hawk unmanned aerial vehicle (UAV) be used to develop, procure, integrate or install signals intelligence capabilities on the UAV until the vehicle has completed Phase III of the ACTD and a vehicle continuation decision has been made. Accordingly, all funds for such sensor procurement are to be applied to the upgrade of the U-2 sensors. All U-2 upgrades are to be fully designed and built for compatibility with the Global Hawk vehicle.

Further, the Committee is aware of existing state-of-the-art imagery technologies that provide both electro-optic (EO) and infrared imagery within the same camera. The Committee is concerned by the Defense Airborne Reconnaissance Office's (DARO) decision to allow the Global Hawk contractor to develop a new EO-only camera for the UAV rather than using off-the-shelf technologies. The Committee directs the DARO to provide a report to the defense and intelligence authorizations committees that details the analysis that went into this decision and, furthermore, provides rationale that an existing camera(s) could not be more cost effectively procured. This report will be transmitted to the congressional committees no later than July 1, 1996.

Joint Tactical Unmanned Aerial Vehicle: –\$18.0 million

The budget request included \$51.4 million for the Joint Tactical Unmanned Aerial Vehicle (JTUAV). This program has evolved from the close range UAV and maneuver UAV, for which there had been previous authorizations and appropriations, to the current JTUAV program. It is one of at least six UAV's under development or in operational use.

At the time of this report, the Committee had just learned that the Department had made a source selection in the JTUAV competition even though there had been no previous fiscal authorization or appropriation for this specific program.

The Committee recommends a \$33.4 million authorization for this project, a reduction of \$18.0 million, because of the availability of prior year funds.

Common Imagery Ground/Surface System: +\$11.0 million

The budget request included \$47.737 million in PE 35154D for continued transition of the numerous ground stations to the Common Imagery Ground/Surface System (CIGSS) compliant standards.

The Committee strongly supports both the technical solutions and the management approach for migrating the various imagery ground stations to the CIGSS configuration and standards as outlined in the published handbook. The Committee is aware that insufficient funds are available in fiscal year 1997 to modify core components to ensure the CIGSS common, interoperable baseline is achieved by fiscal year 1998. The Committee therefore recommends an additional \$11 million for this purpose. The Committee directs the Defense Airborne Reconnaissance Office (DARO) to provide a report to the defense and intelligence committees on specifically how this funding would be used and how and when the CIGSS baseline will be realized. The Committee further directs the DARO to ensure full funding for this program is provided in future requests.

Electro-optic (EO) framing technology: +\$15.0 million

The Committee believes there is demonstrated potential for electro-optical (EO) framing technology with on-chip forward motion compensation (FMC) for providing precision point target imaging and location. The Committee strongly supports the continuation of this technology and the earliest application of these sensors on manned and unmanned tactical reconnaissance aircraft/platforms.

The Committee recommends an additional \$15 million for continuation of the EO framing technologies with on-chip FMC. Specifically, \$3 million is provided for the operational insertion and testing of the medium altitude wide area coverage "step frame" sensor, \$2.2 million is provided to develop enhanced data compression algorithms that provide higher compression ratios and provide equal or better video/image fidelity and at equal or higher throughput rates than currently fielded technologies to support the ultra high resolution EO framing reconnaissance sensors, \$5.8 million is to fund an initial study and device development of a high quantum efficiency large area EO framing IR charge coupled device with on-chip FMC, and \$4 million is for multi-spectral EO framing technologies with on-chip FMC.

Joint Airborne SIGINT System: No budgetary change

The budget request included \$51.8 million for the continuation of the Joint Airborne SIGINT System (JASS).

The Committee is concerned about the current and long-term capability of airborne SIGINT reconnaissance assets. These platforms provide not only direct tactical support, but provide valuable products used by the national intelligence community. These systems require continuous sensor and system improvements to maintain pace with the constantly evolving threats against which they are tasked.

Past upgrade developments have been inadequately coordinated between the services and defense agencies. The costs of independent upgrades, even when similar capabilities were being developed, were borne individually by each service and platform. The intent of the statement of managers accompanying the conference report on H.R. 2401 (H. Rept. 103-357) and S. 1124 (H. Rept. 104-450) was that the architectures of existing SIGINT platforms be evolved to a common architecture and that the Department of Defense de-

velop a testbed aircraft that could be used to evaluate commercial and evolving SIGINT architectures, standards and interface protocols such that all airborne SIGINT systems could benefit from the sensor upgrades developed by any service or agency. The statement of managers also endorsed “maximum commonality” of equipment to minimize duplication and enhance interoperability. There was no congressional intent for the Department to choose, or exclude, any architecture, including those already fielded, for application on the existing operational platforms.

The Department’s current development approach for JASS has been controversial, appears to be extremely costly and has not been well supported by the military services primarily due to cost concerns. Concern also exists that the current approach does not satisfy near-term operational needs, and the technical approach does not appear to capitalize fully on commercial standards and developments. The Committee believes the current JASS acquisition strategy could benefit from the early establishment of commercial standards, thereby allowing rapid evolution of capability through the use of commercial components to satisfy changing requirements. Additionally, the Committee understands that even under the current schedule, JASS will not provide new functional capabilities until after the turn of the century. The Committee believes this does not constitute an effective upgrade program for the resources being spent, nor does it believe there is sufficient use of commercial, off-the-shelf technologies. Finally, the Committee understands that JASS is better defined as a sensor function or subsystem that could be applicable to the various SIGINT platforms’ systems. The Committee chooses to define a SIGINT system as all the functional subsystems including the sensors, the antennas, the radio frequency distribution systems, the recorders, the operator consoles, etc. JASS does not include these other functions, and therefore should be appropriately defined as such, particularly in terms of budget requests and total system costs submitted to the Congressional committees.

The Committee fully supports the tenets of a Joint Airborne SIGINT Architecture (JASA) and believes there is a need to develop a formal set of standards and interface protocols that allow the platform program offices to build open architecture systems. The Committee believes that, as capabilities are developed or procured off-the-shelf that meet the established platform requirements, these functions must comply with established architectural and technical guidelines. This will allow these capabilities or functions to be portable from one platform to the next without separate development efforts and associated costs. Finally, the Committee believes there must be a central authority to enforce such commonalities.

There is a need for a centralized architecture standards vision and joint development of new capabilities, with decentralized procurement and system integration. Fiscal constraints and threat phasing suggest an evolutionary upgrade approach to systems, based on specific and enforced interface standards. The approach should build on the strengths of each of the fielded systems and should be focused on the individual mission requirements. The Committee is committed to ensuring the services and agencies

share these sensor developments, and believes this approach will increase industry competition by focusing on commercial products, decrease risk, and most importantly, effectively ensure near and mid-term requirements satisfaction and decrease costs.

Finally, due to the amounts of money already expended on the JASS high band prototype (HBP) and its predecessor, the Committee does not believe terminating this prototype effort prior to test would be appropriate.

Therefore, the Committee authorizes up to \$25.1 million of the request to continue and conclude JASS HBP functional development and testing. The Committee does not authorize the obligation and expenditure of any funding for a follow-on JASS high band effort until the HBP has completed flight test, and has effectively proven its utility. The Department of Defense is authorized to obligate and expend fiscal year 1997 appropriated funds for other airborne SIGINT functional of subsystem developments provided they are coordinated through, and for use by, multiple services and agencies. However, the Committee directs the Secretary not to obligate or expend any fiscal year 1997 funds for such airborne SIGINT system research and development upgrades until the Secretary provides the defense and intelligence authorization committees a report that:

- (1) clearly identifies the airborne SIGINT system standards and protocols that the platform offices will use to build their architectures and functional capabilities;
- (2) provides a plan for ensuring the operational and intelligence requirements communities have the final authority for expending intelligence funds;
- (3) provides a plan for maximizing use of commercial off-the-shelf technologies;
- (4) provides a plan for ensuring the services collaborates on sensor improvements;
- (5) provides an upgrade plan that satisfies both the near-term and long-term operational requirements in a coordinated architectural approach;
- (6) provides a plan for the National Security Agency (NSA), under its Executive Order 12333 tasking, to review and approve platform sensor developments to ensure technical standards compliance;
- (7) provides a "level of effort" funding necessary to ensure continuous upgrades to the existing platforms; and
- (8) provides a detailed description of those functional capabilities, resulting from the HBP efforts that could be effectively used by the various platform offices.

An interim copy of this report should be provided to the congressional defense and intelligence committees before June 10, 1996 and a final report will be delivered not later April 1, 1997.

U-2 aircraft: + \$5.0 million

The budget request contained \$142.832 million for U-2 aircraft spares procurement. However, the request included no funds necessary to repair a U-2 aircraft that was damaged in a recent crash landing. The Committee recommends that an additional \$5 million be provided to repair the damaged aircraft and return it to service.

Airborne reconnaissance fleet modifications: + \$36.0 million

The budget request contained \$115.5 million within the Defense Airborne Reconnaissance Program (DARP) for continued aircraft modifications and spare parts procurement for the EP-3E ARIES II and the RC-135 (RIVET JOINT and COMBAT SENT) aircraft.

The Committee is convinced there is a critical need for a level-of-effort funding to improve continually, incrementally, and quickly these intelligence support aircraft in response to the improvements in threat technologies, against which they are tasked. The Committee recognizes the differences in the various services' platform missions and that these missions, necessarily, force differing requirements. The Committee believes many of the evolving requirements can most quickly and economically be satisfied through "off-the-shelf," commercial procurements that are integrated into existing systems. However, although the Committee supports the needs to improve systems based on the mission, it is not willing to support multiple functional developments (this does not include specific integration efforts) and believes the National Security Agency's Defense Cryptologic Program Manager should monitor and coordinate such efforts to ensure an architectural compliance under the Defense Airborne Reconnaissance Office's research and development acquisition authority. The Committee would also not support long-term off-the-shelf procurements that result in perpetuation of unique hardware and software solutions to common threats and requirements. In sum, the Committee expects the Department to restrict the application of scarce research and development funds to important capabilities that are not available off-the-shelf.

The Committee is very pleased by the willingness of the services to share and coordinate their upgrade efforts—as characterized by the memorandum of agreement between the Air Force and Navy for sharing processor developments. The Committee will continue to monitor this improving relationship and will respond appropriately in future funding requests to this level of cooperation.

The Committee recommends an increase of \$36 million—\$10 million for the ARIES II, \$20 million for the RIVET JOINT and \$6 million for the COMBAT SENT—to reinstate a level-of-effort upgrade program for those aspects of overall system capabilities not uniquely addressed by centrally-directed, joint development programs. Additionally, the Committee directs the Air Force to determine and POM for such level-of-effort upgrades in future requests.

RC-135: +\$39.3 million, +\$13.0 million, +\$145.0 million

The budget request contained \$66.2 million in the Defense Airborne Reconnaissance Program (DARP) for support of the RC-135 fleet.

The Committee notes the increased emphasis placed on this intelligence collection assets and supporting the effort initiated by Congress last year to enhance existing RC-135s and augment the fleet with additional aircraft. The Committee understands that the theater commanders-in-chief have a high priority requirement for two additional RC-135s and that this requirement has been validated by the Joint Requirement Oversight Council and approved by the Expanded Defense Resources Board. To address this requirement, the Committee recommends an increase of \$39.3 million for

equipment procurement and \$13.0 million for modification to accelerate procurement of an additional aircraft (RIVET JOINT aircraft #16). To continue the ongoing reengining effort, the Committee also recommends an increase of \$145.0 million to reengine six aircraft.

Pioneer unmanned aerial vehicle (UAV): +\$30.0 million

The budget request contained \$10.6 million for procurement of attrition spares and support kits for the Pioneer UAV system.

The Committee understands that the Department has decided to terminate procurement of the Hunter UAV system and use the existing equipment for testing and maintaining a residual capability. This decision results in the Pioneer being the only UAV currently capable of meeting Navy and Marine Corps short-range requirements. The Committee further understands that several initiatives necessary to ensure continued effectiveness of the Pioneer are ongoing but have been underfunded in anticipation of future fielding of the Tactical UAV, a new advanced concepts technology demonstration program. Consequently, the Committee recommends \$40.6 million, an increase of \$30.0 million, to fund these initiatives and maintain the Pioneer system at acceptable readiness levels.

INTELLIGENCE SUPPORT EQUIPMENT

Intelligence data support systems: +2.0 million, +\$1.0 million, +\$1.0 million, +\$1.0 million, +\$1.0 million

The budget request included the following amounts for intelligence support systems:

- All Source Analysis System: PE 63745A \$2.05 million;
- Joint Maritime Combat Information System: PE 64231N \$11.297 million;
- Intelligence Analysis System: PE 26313M \$1.163 million;
- Combat Information System: PE 27431F \$7.749 million.

The Department of Defense is currently acquiring individual service/agency intelligence support systems, including the Army's ASAS, the Air Force's Combat Information System, the Navy's Joint Maritime Combat Information System, the Marine Corps' Intelligence Analysis System, and Special Operations Command's SOC Research, Analysis and Threat Evaluation System. These individual military services' efforts provide the specific combat users with similar, but uniquely tailored intelligence systems, and are logical acquisitions. However, the Committee also believes there is a need to capitalize on specific system strengths and increase service cooperation to improve the collective capabilities of these individual systems. Such synergies of effort could lead to better interoperability, improved data fusion, reduced operator work loads and possibly reduced development costs.

Therefore the Committee directs the Army to lead a joint service intelligence system group to explore and initiate efforts to improve such interoperability and determine the applicability of, and where possible, implement existing capabilities. Specifically, the Committee recommends the following increases for the Army's All Source Analysis System; the Navy's JOint Maritime Combat Information System; the Marine Corps' Intelligence Analysis System; the Air Force's Combat Information System; and the Special Operations

Command's Research, Analysis and Threat Evaluation System to examine and integrate correlation/fusion algorithms such as the Integrated Battlespace Intelligence Server and the Generic Monitoring System capabilities developed under the Defense Advanced Research Program Agency's Warbreaker program:

PE 63745A: \$2 million;
 PE 64231N: \$1 million;
 PE 26313M: \$1 million;
 PE 27431F: \$1 million;
 PE 1160405BB: \$1 million.

Theater Rapid Response Intelligence Package (TRRIP): +\$2.0 million

The budget request contained no funds within the Army's Tactical Intelligence and Related Activities aggregation to purchase TRRIP components for counter-intelligence and Human Intelligence (HUMINT) forces for Corps and below units. The Committee recommends an additional \$2 million to purchase TRRIP and the attendant communications backbone for these elements.

Improved Remotely Monitored Battlefield Sensor System (I-REMBASS): +\$2.4 million

The budget request contained no funding for continued procurement or replenishment of I-REMBASS systems or components.

The I-REMBASS sensors have proven very effective in supporting Army operations in Bosnia. The Committee is aware of the need to field this system to replace older REMBASS sets in airborne and light forces. The Committee, therefore, recommends an additional \$2.4 million to procure the non-expendable I-REMBASS components for divisions currently holding the older REMBASS components.

Fixed distributed system: +\$35.0 million

The budget request included \$35.2 million in PE 64784N for continued development of the Distributed Surveillance System. The Committee recommends an increase of \$35.0 million to the budget request for a Fixed Distributed System commercial off-the-shelf/non-developmental initiative fiber optics upgrade.

RADIANT MERCURY: +\$2.0 million

The budget request included \$6.4 million in PE 64231N for tactical command systems including the RADIANT MERCURY automated multi-level security developments.

The Committee is pleased this promising capability has transitioned to a joint program status. However, the Committee is concerned that the request provides insufficient funding to transfer successfully this Navy Tactical Exploitation of National Capabilities initiative to the other services and to use by allied coalition forces. Therefore, the Committee recommends an additional \$2.0 million to support the efforts to proliferate the RADIANT MERCURY capabilities.

Joint Tactical Terminal (JTT)—Navy: +\$11.0 million

The budget request contained \$2.433 million for U.S. Navy procurement of the Joint Tactical Terminal.

The Committee believes there is an urgent need to expeditiously procure the functional intelligence support capability provided by the JTT for AEGIS, amphibious and flagships as soon as possible. Therefore, the Committee recommends an additional \$11 million for early procurement of these terminals.

Tactical Electronic Reconnaissance Processing and Evaluation System: +\$.9 million

The budget request included \$2.484 million in PE 26313M for upgrades to, and communications integration testing within the Tactical Electronic Reconnaissance Processing and Evaluation System (TERPES) system.

The Committee is aware that TERPES is currently fielded to Aviano Air Base in Italy and the Adriatic in support of multi-service operations in Bosnia. The Committee is also aware of the unfunded and immediate need to improve TERPES interoperability with Global Command and Control System (GCCS) and Tactical Air Mission Planning System (TAMPS). Therefore, the Committee recommends an additional \$855,000 to provide required communications software and interoperability upgrades.

Tactical Electronic Reconnaissance Processing and Evaluation System: +\$1.1 million

The budget request contained \$992,000 for purchasing TERPES spares.

The Committee is aware that TERPES is currently fielded to Aviano Air Base in Italy and the Adriatic in support of multi-service operations in Bosnia. The committee is also aware of the unfunded and immediate need to improve TERPES interoperability with the Global Command and Control System (GCCS) and Tactical Air Mission Planning System (TAMPS). Therefore, the Committee recommends an additional \$1.125 million to purchase required communications and networking hardware, workstation and data storage upgrades.

Intelligence Support Equipment/Secondary Imagery Dissemination: +\$3.1 million

The budget request contained \$7.451 million for procurement of the Marine Corps Air Ground Task Force (MAGTF) Secondary Imagery Dissemination (SIDS) sets.

The Committee believes there is economy of scale and cost benefits to completing the required procurement of sixty-three remaining SIDS sets sooner than now planned. The committee recommends an addition of \$3,100,000 to complete this buy more quickly.

Radio Reconnaissance Equipment Program SIGINT Systems: +\$2.7 million

The budget request contained \$3.498 million for continued purchase of the Radio Reconnaissance Equipment Program SIGINT Systems (RREP-SS-1) systems.

The Committee believes there is cost and mission benefit to completing the required acquisition objective early, and therefore recommends an additional \$2,700,000 to purchase the remaining sixteen systems with required spares, documentation and training.

Integrated Undersea Surveillance System improvements: +\$22.1 million

The budget request included \$14.0 million in PE 24311N for research and development support of the Integrated Undersea Surveillance System (IUSS), including \$3.3 million for research and development support of the Surveillance Towed Array Sensor Systems (SURTASS) and \$10.7 million for the (IUSS) detection/classification system. The Committee recommends an increase of \$22.1 million to the budget request to continue development and integration of SURTASS twin line arrays; reduction in the size of transmit arrays; fiber optic array development; expanding the frequency processing capabilities and sea test of these developments; for the low frequency array program and development of more reliable low frequency active transmitters; and for adoption of SURTASS software algorithms for submarine sonar systems.

Over the Horizon Backscatter (OTH-B) Radar System: Fence \$5.7 million

The budget request included \$5.7 million in PE 0102417F for continued "warm storage" maintenance of the two OTH-B radars. These radars are being maintained as part of NORAD's "reconstitution assets."

The Committee understands that it will require at least 24 months to bring these first generation OTH-B radars out of caretaker status and into an operational status—if such a decision to do so were made. The Committee also understands that major upgrades, costing millions of dollars, will be necessary to bring the outdated technologies up to modern standards.

When considered with the totality of terrestrial and space-based warning systems, the Committee is not convinced the projected threat, or the technical capabilities of these older systems, warrants continued caretaker maintenance. The Committee does, however, understand the potentially high costs to the U.S. government of closing these systems down and returning the lands to the individual states.

Therefore, the Committee directs the Secretary of Defense to conduct a study that determines the viability of retaining or terminating these radars. This study should include fully identified costs for all recommendations. The Secretary is to provide an interim report on the results of this study before the fiscal year 1997 defense authorization conference, with a completed report no later than 1 April 1997.

Space-based infrared system program: +\$141.0 million

The budget request included \$113.2 million for the low component of the space-based infrared system (SBIRS) program and \$6.9 million for Cobra Brass in program element (PE) 63441F, and \$173.3 million in PE 64441F for the high component. The Committee recommends an increase of \$247.2 million, an increase of

\$134.0 million for SBIRS low (the Space and Missile Tracking System), \$180.3 million, an increase of \$7.0 million for the high component, and the requested amount for Cobra Brass.

The Committee reaffirms support for the Space and Missile Tracking System (SMTS) program baseline established in section 216 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104-106). However, the Committee is dismayed by the Department's continued withholding of \$51.0 million of the total amount authorized and appropriated by Congress in fiscal year 1996 for SMTS. These funds are needed to support and implement the Department's own strategy of increasing competition within the program. The Committee directs the Secretary of Defense to release these funds immediately.

The statement of managers accompanying the conference report on S. 1124 (H. Rept. 104-450) endorsed giving the Block I SMTS a missile defense focus. The Committee is interested in learning more about how the Department has interpreted this guidance. Therefore, the Committee directs the Secretary of Defense to provide a report to the Congressional defense and intelligence committees on the planned design configuration of the SMTS Block I, including the extent to which the satellite will be capable of performing portions of the missile warning, missile defense, technical intelligence, and battlespace characterization missions, and the assumed lifetime of the Block I satellites. The report shall be submitted not later than October 30, 1996.

Finally, the Committee understands that the Joint Requirements Oversight Council is reviewing the appropriate level of system survivability and nuclear hardness for the elements of the SBIRS program. The Committee believes that adequate nuclear hardness should be a design feature of the SBIRS program, given the critical importance of assured tactical warning/attack assessment for national decision making. The Committee directs the Secretary of Defense to inform the Committee promptly of the Department's plan for providing a sufficient amount of nuclear hardening for the SBIRS program. The Secretary is strongly urged to consult closely with the commander-in-chief, U.S. Space Command and the commander-in-chief, U.S. Strategic Command before rendering a decision on this matter.

Defense Advanced Research Projects Agency: No Budgetary Action

The Committee notes with some concern that the Defense Advanced Research Projects Agency (DARPA) Tactical Intelligence and Related Applications (TIARA) budget request for fiscal year 1996 did not include many programs previously contained within the TIARA aggregation.

The TIARA Congressional Justification Book accompanying the fiscal year 1996 request states that DARPA programs "that have apparent relevance to intelligence related activities" are included in the TIARA request, and that "Conversely, a TIARA classified program is excluded from the TIARA aggregation when the program, or a portion of the program, matures to the extent that it is clearly evident that the effort is no longer applicable to TIARA." The Committee notes that the series of DARPA programs designed to locate, identify, and target critical mobile targets, known as

WARBREAKER, are associated with battlefield characterization and information dominance. The Committee believes these programs are clearly intelligence-related projects that fall well within the established guidelines for remaining TIARA funded.

The Committee does not agree with DARPA's unilateral decision to remove the WARBREAKER projects from the TIARA aggregation. When questioned about this, DARPA officials told the Committee that DARPA removed the WARBREAKER programs from the TIARA request to keep the Agency from being overseen by two OSD functional staffs, rather than just one. The Committee does not believe this is a reasonable explanation for unilaterally removing programs from the TIARA aggregation.

Therefore, the Committee directs the ASD (C3I) and the Director, DARPA to continue to include all intelligence and intelligence-related programs, including all the WARBREAKER-associated activities, in the TIARA or JMIP aggregations in fiscal year 1998 and beyond.

Defense Mapping Agency: -\$10.0 million

The budget request included \$100.997 million in PE 33139B for continued research and development of Defense Mapping Agency (DMA) production systems and capabilities.

The Committee is aware of a recent Defense Science Board (DSB) recommendation that DMA re-engineer its production processes to focus on creating and maintaining digital geospatial databases vice its current primary production of maps. One of the DSB's most critical findings was that DMA should focus its development funding on a course that continues to provide for the near-term products, but that provides an evolutionary path that moves DMA to becoming a center for maintaining digital products. Although the Committee understands that DMA cannot discontinue map production in the near-term, it does believe DMA must pursue a course for digital future. The fiscal year 1997 budget submission appears to continue research and development focus on improved production of government developed products. Therefore, the Committee recommends a \$10 million reduction in new mapping, charting and geodesy products. Of this amount, none is to be applied to the alternate source development effort. The Committee stresses its belief that DMA, as the DoD DSB recommended, should evolve to a digital geospatial product server vice a product developer.

Advanced Sensor Application Program: +\$6.0 million

The budget request included \$24.0 million in PE 63714D for the Advanced Sensor Applications Program (ASAP), the independent non-acoustic antisubmarine warfare (NAASW) research program managed by the Office of the Secretary of Defense. The Committee has repeatedly expressed its views of the need for two viable, independent, and coordinated NAASW programs, one in the Navy and one in the Office of the Secretary of Defense. The Committee notes that the funding level request for the ASAP program is approximately \$6.0 million, or 20 percent less than the level appropriated for fiscal year 1996 and approximately 10 percent of the level originally programmed for fiscal year 1997. In view of the increased capabilities of advanced nuclear submarines, the proliferation of mod-

ern, quiet diesel submarines and advanced non-nuclear submarine technology, and significant strides in submarine operational proficiency being made by several Third World submarine navies, the Committee believes these reductions are imprudent. Increased emphasis needs to be placed on improving the antisubmarine warfare capabilities of U.S. forces in general, and on the NAASW program in particular.

The Committee notes with concern that this program's fiscal year 1996 appropriated funds were "taxed" by the Comptroller at a rate of nearly 20 percent to pay for various contingencies such as Bosnia. The Committee fully understands the necessity for programs to pay a "fair share" of unallocated cuts, but believes this program has paid considerably more than its fair share.

Accordingly, the Committee recommends an increase of \$6.0 million to the budget request for the ASAP program. Of this increase, \$5.0 million is to continue the ocean remote sensing research program at the Environmental Technology Laboratory of the National Oceanographic and Atmospheric Administration. The Committee believes that the theoretical work on radar scattering and radiometry is unique and critical to the success of the U.S. NAASW mission. The remaining \$1.0 million shall be used for additional investigations of foreign technology and systems relevant to the missions of the ASAP program. The plans for expenditure of the increased authorizations shall be reported to the Congressional defense and intelligence committees before the additional funds are obligated.

The Committee believes that the ASAP program office should begin to transfer the more mature technology it has developed to the Navy. The Committee encourages the Secretary of the Navy and the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) to develop plans for such a transfer and report the plans to the Congressional defense and intelligence committees with the submission of the fiscal year 1998 Defense budget request.

Command Intelligence Architecture Program: +2.0 million

The budget request included \$2 million in PE 35898L for the Command Intelligence Architecture Program (CIAP) program to provide the unified commands with an intelligence planning process that documents and links requirements, intelligence operations and future intelligence capabilities.

The Committee is pleased with the success of this effort and, more so, by the fact that the Command and Control, Communications and Computers Integration (C4I) Support Activity (CISA) has expanded CIAP to include C4I, surveillance and reconnaissance (C4ISR) programs. The Committee endorses this broader CIAP focus designed to maximize joint service operations and intelligence support. In view of the expanded role of the CIAP, the Committee recommends an increase of \$2 million to ensure the CIAP effort is fully expanded to all DoD services and agencies.

Defense Mapping Agency (DMA): Fence \$30.0 million

The budget request included \$698.9 million in PE 0305131B for continued operations of the DMA. Of this amount approximately

\$30 million was designated for funding a future National Aeronautics and Space Agency (NASA) Space Shuttle (STS) mission to conduct earth imaging operations for mapping purposes.

The committee supports this STS mission effort, but is not aware of a firm availability of a shuttle flight to carry the mapping payload. Therefore, the Committee fences \$30 million of DMA operations and maintenance funding until DMA has a firm commitment and date for the STS mapping mission from NASA.

Additionally, the DoD Defense Science Board (DSB) recently provided study recommendations for improving DMA business practices and operations. Specifically, the DSB recommended DMA production processes be reengineered to move away from making maps toward maintaining multi-source digital geospatial information data bases.—this includes incorporating commercial products. Although the Committee recognizes that DMA cannot decrease its map production in the short-term, it does recognize the fact that the DSB stressed that DMA needs to move in this direction. Therefore, the Committee directs DMA provide the Congressional defense and intelligence committees with a detailed evaluation of the DSB report, and a plan for implementing those DSB recommendations it considers appropriate. An interim report of this plan is to be provided to the Congressional defense and intelligence committees prior to the fiscal year 1997 defense authorization conference, with a final report provided no later than 1 April 1997.

ALL-SOURCE ANALYSIS

During the past two years, the Committee has noted that the all-source analysis cadre throughout the Intelligence Community has been reduced to levels that now place in question the Community's ability to respond to national security needs. This assessment has been validated through repeated testimony by senior Intelligence Community managers who are faced with managing dwindling and inexperienced resources, knowing that all of the national security needs cannot be met. Two areas are of specific concern; the level of effort and expertise available for so-called lower-Tier countries (as categorized by the Administration in Presidential Decision Directive 35), and the necessary resources in the area of imagery analysis, which is closely linked to the all-source process.

The personnel reductions that were legislated by Congress have appeared to be somewhat successful in forcing necessary restructuring of the Intelligence Community. The Central Intelligence Agency met its reduction goals early, thus allowing it to begin the process of hiring new analysts with education and experience in areas befitting the post-Cold War era. As the Committee noted last year, personnel skill-mix issues remain significant at the National Security Agency. However, the Committee is increasingly concerned about the future of the all-source workforce at the Defense Intelligence Agency and, generally, throughout Defense, and now believe that future reduction plans will prove detrimental to supporting the needs of the military commander and defense policy-maker.

The past summer, the DCI and the Deputy Secretary of Defense, through the Expanded Defense Resources Board (EDRB), acknowledged part of the problem by adding additional all-source analytic

positions to the General Defense Intelligence Program (GDIP) for fiscal year 1997. No additional imagery analysis positions were added. Even with the addition of positions, the GDIP still showed reduced personnel, as it meets the reduction goals legislated by Congress for the Intelligence Community. In fiscal years 1998 and 1999, however, continued reductions are scheduled as part of a Defense-wide reduction of civilian personnel.

Recent testimony indicates that the overall reductions in GDIP personnel since 1991 have introduced a significant element of risk. At the same time the fragmented international political landscape, increasing danger of the proliferation of weapons of mass destruction and the means to deliver them, and the multiplication of regional and transnational actors inimical to our interests have all increased the challenges to effective intelligence analysis.

The Committee understands, but does not necessarily agree with, the thinking behind having intelligence take its "fair share" of the Defense-wide civilian reductions, but when taken with continuing reductions in military personnel, these "taxes" are problematic. Moreover, the Committee believes that as Defense resources decrease, intelligence resources need to increase in order to provide the lead-time to civilian and Defense policymakers that allows them either to manage the issue in order to prevent deployment of U.S. military forces, or to provide enough warning to allow military forces to prepare adequately. Accordingly, the Committee requests that the Secretary of Defense and the DCI reevaluate the utility of the additional reductions for the GDIP, especially in light of the EDRB actions, and urge that the GDIP be exempt from further defense-wide civilian personnel reduction beyond fiscal year 1997.

COMMUNITY MANAGEMENT

Although the Committee's formal proposals for improving and strengthening Intelligence Community management are contained in H.R. 3237, the Intelligence Community Act, there are some areas of longstanding concern which merit attention and action regardless of the final disposition of H.R. 3237. The Committee has long been concerned that DCIs and their Community Management Staffs have not effectively exercised existing authorities for a variety of reasons: unwillingness to challenge the authority of the program managers; cultural and organizational barriers, compounded by having a large proportion of the CMS staff on rotation from the very agencies they are overseeing; and, most basically, insufficient personnel and ADP resources to do the job. The areas of most concern to the Committee have been resource management and collection and requirements management. However, the Committee has also looked to the CMS, largely in vain, to provide centralized management of administrative and infrastructure issues.

The current DCI seems more willing to exert community control over the various NFIP agencies in the resource management area, and the Committee regards this as a positive trend. Bringing the Intelligence Community budgeting process into synchronization with the Department of Defense in the Expanded Defense Resources Board process makes sense, and should lead to a more coherent end-to-end intelligence program. However, the Committee still has concerns about the ability of the CMS to make cross-pro-

gram and cross-INT trades within the NFIP. Because there is no community-wide budgeting and accounting system that allows apples-to-apples comparisons between the programs and that could identify areas of potential savings or investment, the CMS must rely on the programs themselves to do these analyses. It then cannot fully utilize the data provided because it does not have enough people to devote to program analysis and resource management functions. In the authorization this year, the Committee is providing 10 additional billets to perform resource management functions, and \$10.0 million dollars to develop a budgeting and accounting system for the Intelligence Community, of which \$5.0 million is specifically for the development of a compatible system for the National Reconnaissance Program. The Committee believes that this number of personnel is still insufficient, but hesitates to increase the staff by more than 20% in one fiscal year. The Committee expects that the Administration will request additional billet increases in the budget submission for fiscal year 1998.

Another area of concern has been in the area of collection and requirements management. As articulated in the "Intelligence Community in the 21st Century" (IC21) staff studies, the Committee is concerned that the discipline stovepipes hinder integrated, all-source collection management and synergistic collection operations. The targets of the future are going to require a more intensive, integrated approach, similar to that being pursued in the "hard targets" initiative led by the DDCI. It is also clear that competition for collection resources, in particular between immediate military requirements and longer-term national interests, is going to become increasingly fierce. The community requires an active forum for developing and monitoring collection plans and making collection resource trade-offs. The Committee has observed and supports the more active role being played in these areas by the National Intelligence Collection Board and believes that this role should continue and be enhanced. For this reason, we have designated 5 additional billets for the Plans and Requirements Group.

Finally the Committee would like to commend the Intelligence Systems Secretariat and the DCI for successfully spearheading the establishment of a reinvestment reserve for information handling systems and an information systems strategy that embodies most of the principles of IC21 and of general good management. The Committee fully concurs in the priorities identified for reinvestment: integrated intelligence communications, Defense Messaging System, collaborative environment, and network security. The Committee also concurs with the distinction drawn between "dedicated communications" and "assured services" in the strategy; the establishment of a single community executive agent for communications was hopefully the first step towards making this distinction meaningful and getting the individual programs "out of the comms business." The Committee has also long been a support of the systems migration process and is concerned that there appears to be some "backsliding" within the programs. Therefore, the Committee requests a briefing on the status of this process and a report listing migration and legacy systems by program, with timelines for the phase-out of the legacy systems, by February 1, 1998, in time

to be factored in to our consideration of the fiscal year 1998 budget request.

THE CONSOLIDATION OF CLANDESTINE HUMAN INTELLIGENCE

The Commission on the Roles and Capabilities of the United States Intelligence Community (the "Aspin-Brown Commission"), after examining the rationale behind the establishment of the Defense HUMINT Service (DHS) and the marginal value of most military clandestine operations to date, recommended that the clandestine recruitment of human sources, now carried out by active duty military officers assigned to Defense HUMINT Service (DHS) "be transferred to the CIA, utilizing military personnel on detail from DoD, as necessary." The IC21 staff study of the Clandestine Service recommended that the DoD clandestine operations of DHS be merged in an independent NFIP agency, the Clandestine Service, that would come directly under the DCI and that would consist largely of the programs currently resident in the CIA Directorate of Operations (DO).

Both studies note the importance and necessity of using military personnel in clandestine operations, but concludes that administrative and personnel policies within DoD make it highly unlikely that the intelligence produced by DHS will warrant the cost of establishing it as an independent entity. Additionally, although there is a tremendous need for centralized management of clandestine operations, the managerial framework under which DHS operations within DoD makes that extremely difficult. Finally, recent experiences of DHS have shown that, to fulfill the function is currently has been assigned within DoD, it will, in many ways, have to develop a parallel support infrastructure to that which already exists in the CIA. Some of the requested funding for DHS for fiscal year 1997 would have gone towards maintaining and building that redundant infrastructure.

The Committee has heard that, in recent months, there have been serious discussions within and between DoD, the GDIP Program Manager, the CIA, and the DCI regarding the transfer of some, if not all, DHS clandestine activities to the CIA. Reportedly, these discussions have not yet been fruitful for a variety of reasons, among which is the issue of command and control of military personnel within a non-DoD agency. The Committee notes that, prior to the establishment of the position of Associate Director of Central Intelligence for Military Support by the DCI, a senior military officer was positioned within the management structure of the DO and that this proved beneficial to all sides. The Committee hopes that a solution will be found in the near future that goes beyond the simple formula proposed by Aspin-Brown: the detailing of military personnel "as necessary" to the CIA. At the same time, the Committee believes it is essential that whatever arrangement is worked out avoids the problems that currently exist in the management and operation of DHS as pointed out above.

The consolidation of clandestine collection activities will also require a significant and lasting commitment on the part of the CIA actively to support and consolidate infrastructure and administrative resources to service civilian and military officers on an equal footing. Moreover, a commitment must be made by the CIA to

serve validated military requirements. To do this, the CIA will have to work closely with DoD and the CINCs to ensure that their operational needs are met and that commanders have confidence in the support they are receiving. That, in turn, will be extremely difficult, if not impossible, to accomplish without the participation of active duty military personnel trained in the clandestine collection discipline. In the area of clandestine collection, the CIA and DoD need each other.

In separate legislation (H.R. 3237, the "Intelligence Community Act") the Committee has proposed the transfer of DHS clandestine operations to the CIA. In this authorization, however, the Committee has taken intermediate steps within the GDIP account to encourage DHS to concentrate on fulfilling its preponderant mission—the collection of intelligence through overt means, as in its Defense Attache program overseas—and to limit its involvement in clandestine collection. Specifically, the Committee intends for DHS to restrict its clandestine collection and clandestine collection support activities to those that are not duplicative of those of the DO. The Committee notes that responsibility for success of future clandestine operations rests with the DO, as well, to ensure that clandestine military assets are fully supported. Regardless of the outcome of previous, recent attempts by the GDIP Program Manager and the DCI to accomplish merging clandestine activities, the Committee implores these individuals to continue this effort, and stands ready to assist as necessary.

CREATING A "VIRTUAL INTELLIGENCE ARCHITECTURE"

The Committee supports the Intelligence Community's initial efforts towards creating a "virtual intelligence architecture" that will link collectors, exploiters, analysts and intelligence customers electronically. The Committee believes that a virtual architecture will transcend organizational boundaries and, by providing more flexibility and less bureaucratic rigidity, electronic connectivity will allow the policy and intelligence communities continually to re-evaluate requirements and refocus resources on those issues of paramount importance. Breaking down these boundaries will help synergy in all areas of the Community—collection, analysis, production and requirements formulation and vetting. Programs such as INTELINK and Joint Intelligence Virtual Architecture (JIVA) are harbingers of an era where collaborative reporting will be the standard among analysts throughout the Intelligence Community.

As the Intelligence Community moves towards implementing a virtual intelligence architecture, however, it must thoroughly examine what effect this will have on the Intelligence Community's traditional production and management procedures and "culture." Currently, Intelligence Community managers—situated at the top of a vertical, hierarchical structure—largely control the information flow to and from policymakers. In a virtual intelligence architecture, managers will probably have less direct control over the information flow. Instead, they will act as facilitators who monitor the dialogue between policymakers and substantive experts to ensure that Community resources are appropriately allocated to priority tasks and to help say "no" to requests when resources are not available.

The Committee believes that the Intelligence Community must begin now to prepare for the issues and problems that may arise as analysts increasingly communicate electronically—with less management supervision—with policymakers, collectors and other analysts. The DCI's Non-Proliferation Center (NPC)—as an IC Center that works intimately with policymakers and other Intelligence Community components and as a Center that has been more “forward-leaning” in utilizing electronic communications resources than most other Community offices and Centers—would serve as an excellent test-bed for examining the management issues that are likely to arise under a future virtual intelligence architecture. Accordingly, the Committee requests that the Community Management Staff, working with the Director of the NPC and the head of the Intelligence System Secretariat, supply to the Director of Central Intelligence a report addressing the questions outlined below. In compiling the research for this report, input from managers throughout the Intelligence Community should be sought. The Director of Central Intelligence shall forward this report to the congressional intelligence committees by March 15, 1997. The report should address the following questions:

What “cultural” and procedural hurdles will Intelligence Community management have to overcome as the Community moves into a virtual environment? What current practices will have to change?

To what extent should Intelligence Community offices and Centers, like the NPC, be electronically connected to their policy customers and other elements of the Intelligence Community? What are near-term and long-term plans for enhancing this connectivity?

What role do managers—for example, NPC managers—play in controlling the information flow, particularly in electronic media, between their offices, policymakers and the Intelligence Community as a whole? How might a “virtual intelligence architecture” change this role?

What, if any, procedures does or will NPC have in place to monitor and differentiate between the electronic distribution of official NPC products and ad hoc spot assessments, evaluations or informal communications between individual NPC collectors/analysts and policymakers? If none, what procedures need to be considered or developed?

As the Community moves towards a “virtual intelligence architecture,” what problems or issues might arise as various Community entities begin posting, electronically, separate analytical products—whether they are single-source or all-source products—for intelligence customers? What mechanisms might be used to monitor/control the information flow to ensure that intelligence customers can differentiate between the Community's official, all-source products and single-source, possibly uncoordinated products from individual Intelligence Community components? Should there be a central “clearing house” for all analytical products before they are posted electronically?

What ground rules should govern the information flow between collectors and policymakers? Should these rules be dif-

ferent from those governing the information flow between analysts and policymakers or between analysts and collectors?

INTELLIGENCE SHARING WITH THE UNITED NATIONS

Based on an agreement between the State Department and the DCI, specific criteria must be met before the U.S. Government may share intelligence with the United Nations. First, a decision must be reached among senior State Department policymakers that the U.N. mission in question is an activity that the United States wishes to support. If the decision is made to support a U.N. activity with intelligence, Intelligence Community representatives meet to determine what kinds of intelligence information exist to satisfy the request and, of that information, what can be provided without compromising sources and methods. The Joint Staff is normally tasked to transmit the intelligence information. The information may be passed from the Pentagon to the U.S./U.N. mission in New York, and ultimately to the Situation Center in the U.N. The Joint Staff's Intelligence Center in the Pentagon also provides U.S. Unified Commanders overseas with sanitized information that can be shared with the U.N. Moreover, in the tactical setting, information is shared with the U.N. by local military commanders who make some "on the ground" decisions about releasing tactical intelligence.

At the start of the 104th Congress, in January 1995, the Committee held a hearing to consider several sections of H.R. 7, the National Security Revitalization Act, including Section 512, a provision on intelligence sharing with the U.N. During the hearing, the Committee requested testimony on the variety of ways intelligence is shared with the U.N. There was strong Administration objection to the original Section 512, which required a written agreement between the U.N. and U.S. before intelligence could be shared. In addition to possible Constitutional problems pertaining to the provision's limiting the ability of the Executive to conduct foreign policy, the hearing witnesses objected to Section 512 on the basis that it would effectively shut down all intelligence sharing with the U.N. Moreover, the witnesses opined that such a formal, written agreement might make it difficult for the U.S. to choose not to share intelligence.

The Committee amended Section 512 of H.R. 7 to provide that before intelligence is provided by the U.S. to the U.N., the President must ensure that the DCI, in consultation with the Secretaries of State and Defense, has established guidelines governing the provision of intelligence to the United Nations that protect intelligence sources and methods from unauthorized disclosure. The Committee provision also called for periodic and special reports by the President to Congress regarding intelligence provided to the U.N. Unauthorized disclosures of intelligence to the U.N. were required to be reported to Congress within 15 days after the disclosure became known to the President. The Committee passed its amendment to Section 512 unanimously.

During the course of the UNOSOM I and II operations in Somalia, problems again surfaced regarding intelligence sharing with the U.N. However, in March 1995, during the final withdrawal from Mogadishu, U.S. officials happened upon an unguarded room full of numerous sensitive documents—many of U.S. origin. The

discovery of a roomful of unsecured and very disorganized "intelligence" documents purportedly under U.N. "control" heightened the concerns that the U.N. inherently is ill-equipped to manage and protect the intelligence provided to it. Two major outcomes from the investigation of this incident have been: improved record keeping, document marking and management on the part of U.S. personnel engaged in the passage of material to the U.N.; and initiatives to help the U.N. to improve its document storage and handling practices.

Although procedures have been established for sharing intelligence with the U.N., and statutes exist that charge the DCI with the overall responsibility to protect sources and methods, there remain concerns among some about the wisdom of sharing any intelligence with an organization possessing member countries whose interests are perceived as inimical to those of the U.S. Although the investigation was undertaken to examine the nature of the documents found in Mogadishu, there also was some renewed general concern about what kinds of information were being provided to the U.N. and whether the trend has been to increase the amount of sharing taking place. On the other hand, U.S. State Department and White House policymakers argue that the sharing of intelligence can be very persuasive at times when the U.S. seeks to garner multi-national support for a certain activity or action, and that they are not asking the Intelligence Community to compromise sources and methods. The debate continues in many quarters regarding how much intelligence sharing is necessary, to what degree sharing benefits the U.S. Government, and whether a proper balance is being struck between the need to protect intelligence sources and methods versus using intelligence to advocate a range of policymaker interests.

In order that the Committee may improve its understanding of the nature and amount of intelligence sharing taking place between the U.S. Government and the United Nations, it is requested that the DCI and the State Department provide a report to the Intelligence Committees that described the types of intelligence being shared with the U.N. and the purposes for which the intelligence is being provided. The Committee also requests that the report describe the benefits of the intelligence sharing activities for the U.S. policymaking community and any counterintelligence risk that might have been considered. The Committee asks that the two reports be submitted yearly, the first on January 15, 1997, and the second on July 15, 1997.

SHARING AND DECLASSIFYING INTELLIGENCE

The Committee is increasingly concerned about the pattern of activities and attitudes of senior intelligence Community and Defense officials related to the control and declassification of intelligence information, especially with regard to the protection of sensitive intelligence sources and methods. Recent instances include offering intelligence information to a foreign government as a foreign policy "carrot," on-the-record and background statements to the media about intelligence operations in Bosnia, release of classified information on the Internet, and the proposal to review documents for declassification using "risk management" and statistical sampling

techniques—that basically consists of conducting the review by random sampling of documents in a file to determine whether the entire file is classified. These examples suggest an attitude by the Intelligence Community and the Department of Defense that is less rigorous than in the past, and that places declassification at a higher priority than the necessary protection of sources and methods.

The Committee understands and supports the fact that policymakers and the military now operate in an era where coalition support—political and military—is becoming a normal part of foreign policy for the United States. Moreover, technology in the commercial sector has continued to develop so that some of the areas of information collection that were singularly the purview of the U.S. government are now widely known by other governments and non-government entities. Finally, this Committee has consistently called on the DCI to be more attentive in allowing the American people to understand Intelligence Community successes, rather than just read about the failures that the U.S. media publicizes. The Committee believes that, in the past, classification of information has been inflated—an area that also needs stricter supervision. That said, however, the Committee also believes that to respond to declassification without specific, well-planned, consistent guidelines and policies is a recipe for the possible compromise of our sensitive sources and methods.

Given the level of knowledge about our collection systems and the fragility of many of our operations (from both a human and political perspective), some U.S. intelligence resources are in danger of being compromised if we are not more careful in our approach toward declassification and information sharing. Promoting a policy whereby information remains classified—and sources and methods protected—by exception rather than as a conscious and ongoing policy practice, may solve some short-term management concerns in foreign policy, but potentially at tremendous long-term costs. The Committee acknowledges that there is often a fine line between a decision to maintain information at a classified, U.S.-only level versus meeting immediate needs, especially when those needs address a potential military requirement or may garner support from another government or the American public. In this era when we are told that our military will rely on intelligence information to “operate within the enemy’s decision cycle,” the ability to collect secrets will be the difference between success and defeat. Giving away too many secrets ultimately will mean the loss of the comparative edge that U.S. intelligence capabilities now provide to U.S. forces. Therefore, it is imperative that the DCI and the SECDEF approach this issue with caution and with the utmost scrutiny. This is an area where the Committee plans more in-depth work over the coming year.

SATELLITE ARCHITECTURE

Last year, the Committee registered numerous concerns regarding the National Reconnaissance Program (NRP) and expected to see movement towards reducing current and future collection costs so that processing and exploitation could be improved and next-generation systems could be initiated. However, the Committee

was disappointed to receive a budget request from the National Reconnaissance Office (NRO) that maintained the status quo, forcing the Committee, again, to redistribute funds within the NRP.

The Committee continues to assert, and studies have borne out, that NRP imagery missions can be performed with less costly, smaller spacecraft and that now is the opportune time to begin acquisition of these smaller satellites. These “smallsats” offer the potential to decrease overall program costs while increasing capability, flexibility, robustness of the architecture, quicker infusion of new technologies and operation techniques, better maintenance of the industrial base, and an opportunity for the NRO to return to streamlined acquisition. Further, these systems offer the NRO the opportunity to rethink its ground architecture, which, like current collection systems, is costly to upgrade and maintain.

With the savings realized from collection decreases, the Committee was able to divert funding to several new and exciting processing and exploitation initiatives. These initiatives will allow the NRO to get more bang for the buck out of current and future collection systems. The Committee would like to see increased emphasis on processing and exploitation in the future.

Finally, the Committee remains concerned about the NRO’s current acquisition strategy and had recommended changes to correct the deleterious results of this strategy. To its credit, the NRO builds extremely robust satellites. However, it is exactly this robustness that is the cause of many current problems, with far reaching consequences throughout the Intelligence Community. Some may argue that the users will suffer because of the Committee’s actions. Yet, it is these same users who will benefit from the Committee’s effort to achieve an affordable and sustainable architecture over the long term.

SECTION-BY-SECTION ANALYSIS OF BILL AS REPORTED

TITLE I—INTELLIGENCE ACTIVITIES

Section 101.—Authorization of appropriations

Section 101 lists the departments, agencies, and other elements of the United States Government for whose intelligence and intelligence-related activities the Act authorizes appropriations for fiscal year 1997.

Section 102.—Classified schedule of authorizations

Section 102 makes clear that the details of the amounts authorized to be appropriated for intelligence and intelligence-related activities and applicable personnel ceilings covered under this title for fiscal year 1997 are contained in a classified Schedule of Authorizations. The Schedule of Authorizations is incorporated into the Act by this section. The details of the Schedule are explained in the classified annex to this report.

Section 103.—Personnel ceiling adjustments

Section 103 authorizes the Director of Central Intelligence, with the approval of the Director of the Office of Management and Budget, in fiscal year 1997 to exceed the personnel ceilings applicable to the components of the Intelligence Community under section

102 by an amount not to exceed two percent of the total of the ceilings applicable under section 102. The Director may exercise this authority only when doing so is necessary to the performance of important intelligence functions. Any exercise of this authority must be reported to the two intelligence committees of the Congress.

The Committee emphasizes that the authority conferred by Section 103 is not intended to permit the wholesale raising of personnel strength in any intelligence component. Rather, the section provides the Director of Central Intelligence with flexibility to adjust personnel levels temporarily for contingencies and for overages caused by an imbalance between hiring of new employees and attrition of current employees. The Committee does not expect the Director of Central Intelligence to allow heads of intelligence components to plan to exceed levels set in the Schedule of Authorizations except for the satisfaction of clearly identified hiring needs which are consistent with the authorization of personnel strengths in this bill. In no case is this authority to be used to provide for positions denied by this bill.

Section 104.—Community management account

(a) Authorizations of Appropriations: There is authorized to be appropriated for the Community Management Account of the Director of Central Intelligence for fiscal year 1997 the sum of \$93,616,000. Within such amounts authorized, funds identified in the classified Schedule of Authorizations referred to in Section 102(a) for the Advanced Research and Development Committee shall remain available until September 30, 1998.

(b) Authorized Personnel Levels: The Community Management Staff of the Director of Central Intelligence is authorized 273 full-time personnel as of September 30, 1997. Such personnel of the Community Management Staff may be permanent employees of the Community Management Staff or personnel detailed from other elements of the United States Government.

(c) Reimbursement: During fiscal year 1997, any officer or employee of the United States or a member of the Armed Forces who is detailed to the Community Management Staff from another element of the United States Government shall be detailed on a reimbursable basis, except that any such officer, employee, or member may be detailed on a non-reimbursable basis for a period of less than one year for the performance of temporary functions as required by the Director of Central Intelligence.

(d) Declassification: This section authorizes \$25 million for fiscal year 1997 for the purposes of carrying out the provisions of Section 3.4 of Executive Order 12958, dated April 17, 1995.

Section 307 of last year's Intelligence Authorization Act limited declassification expenditures to \$25 million in fiscal year 1996 and requested a specific budget request from the President. The conferees noted that “* * * there needs to be a continuing effort to fully evaluate the potential costs associated with declassification review program.” The conferees also urged that the declassification effort be coordinated closely with CIA's Historical Review Program Office to enhance the intellectual coherence of the declassification process.

The Committee remains committed to the systematic declassification of documents in the U.S. Intelligence Community. It is equally committed to ensuring that this is done in a fiscally sound manner consistent with the need to ensure that intelligence sources and methods are fully protected. The Committee continues to receive information that raises doubts about the prudence of the overall expenditure of declassification funds. Mindful that this is a priority program for President Clinton, the Committee has balanced this against spending priorities necessary to keep a strong and vibrant Intelligence Community; therefore, the Committee has kept the authorization at the same level as fiscal year 1996.

This authorization provides funds to declassify documents 25 years or older. The request was only one part of a much larger request for classification management and declassification of documents that is contained in the classified annex. Despite the fact that Section 307 of the Intelligence Authorization Act for Fiscal Year 1996 required that the President submit a detailed request for funds to carry out the provisions of his executive order, the submissions have been meager. Information provided to the Committee staff indicates that the declassification program is driven by numbers of documents that must be declassified, not a prudent regard for the protection of intelligence sources and methods or the costs.

The Committee believes that the funds requested in the President's budget submission grossly understate the real cost of carrying out the provisions of Section 3.4. The Committee intends to follow this issue intensively in the coming months, and plans to hold at least one hearing at which it will aggressively address the issues of: (a) whether important intelligence sources and methods are at risk in the implementation of Executive Order 12958; (b) problems raised by having an Executive Order, in effect, automatically mandate annual expenditures; and, (c) whether this mandate should be fully funded at the expense of other high-priority programs.

(e) National Drug Intelligence Center: This provision authorizes the appropriation of \$32,076,000 to support the programs and personnel of the National Drug Interdiction Center (NDIC) in Johnstown, Pennsylvania.

After 12 years of decline, between 1980 and 1992, drug use has risen steadily since 1993. According to Donna Shalala, Secretary of the Department of Health and Human Services, marijuana use among 12–17 year-olds doubled between 1992 and 1994. These numbers have not yet reached the peak levels of 1979, but the increase in first-time use of marijuana serves as a wake-up call. Accordingly, the Committee has taken the unusual step of authorizing the NDIC in the open bill to signal its strong commitment to waging the war on drugs.

This Committee has long supported counter-drug programs funded through the NFIP, TIARA, and JMIP. Substantial increases in intelligence counter-drug programs were authorized by the Committee every year since President Bush announced his National Drug Strategy in August of 1989. The Intelligence Community plays a vital role in supporting drug interdiction efforts overseas before narcotics cross our borders. The NDIC, created in 1991, coordinates and consolidates drug intelligence from all national security and law enforcement agencies, and produces information on

the structure, membership, finances, communications, and activities of drug trafficking organizations. It acts as a filter between intelligence operations and the law enforcement community, ensuring that information developed from lawful intelligence collection abroad is passed to the law enforcement agencies (such as FBI), without triggering prohibitions contained in the National Security Act on intelligence involvement in law enforcement.

The Committee views the funding of the NDIC through the NFIP as a unique opportunity to underscore the important role intelligence plays in law enforcement. The Committee will carefully oversee the activities of the NDIC to provide it with adequate resources and authorities to ensure that the NDIC will play a vital role in supporting the law enforcement community. The Committee also believes that it is important to reduce redundant systems and capabilities, and will carefully review the NDIC mission against that of the El Paso Intelligence Center (EPIC) to ensure that these two facilities complement but do not duplicate each other.

It is an Intelligence Community goal to improve the working relationships between intelligence and law enforcement agencies on the transnational drug problem. The Intelligence Community's focus on international narcotics trafficking and international organized crime have already led to increased foreign intelligence collection and analytic efforts on these issues as well as to the dissemination of such intelligence to the law enforcement community via the NDIC. These efforts are paying dividends; the recent and publicly noted arrests of Cali Cartel leaders in Colombia was due to cooperation between the Central Intelligence Agency, the Drug Enforcement Agency, and the Colombian authorities.

The Intelligence Community can assist the law enforcement community by supporting NDIC. The Center's charter is to coordinate and consolidate drug intelligence from all national security and law enforcement agencies, and to produce information regarding the structure, membership, finances, communications, and activities of drug trafficking organizations. Consistent with the requirements of the National Security Act of 1947 and Executive Order 12333, NDIC can perform appropriate and timely exchange of intelligence information and resources between the law enforcement and intelligence communities.

Despite the transfer of funding for NDIC from the Joint Military Intelligence Program to the National Foreign Intelligence Program (NFIP), NDIC will remain a law enforcement organization. Further, it is important to highlight, as described in a joint letter dated April 16, 1996, from the Deputy Director for Central Intelligence and the Deputy Attorney General to Chairman Combust and Ranking Democratic Member Dicks, the National Security Act of 1947 and Executive Order 12333 prevent the DCI from exercising any direction or control over NDIC operations because of its unique support for law enforcement.

The Committee will work with the Attorney General and the Director of Central Intelligence to clarify the role of the Intelligence Community's support for the NDIC and law enforcement generally and ensure that funding the NDIC in the NFIP respects the current prohibition on CIA's involvement in law enforcement activities.

(f) Environmental Programs: This section authorizes \$6 million to carry out programs administered by the Environmental Intelligence Application Program (EIAP), formerly known as the Environmental Task Force.

This section authorizes the Environmental Intelligence and Applications Program (EIAP)—formerly known as the Environmental Task Force. The EIAP acts as a broker for the Intelligence Community as a source of security-cleared scientific talent upon which it can draw as the Intelligence Community addresses environmental intelligence issues as part of its normal intelligence collection and analysis efforts in support of policymakers.

Fiscally sound programs that address environmental problems are of keen interest to this Committee. The Central Intelligence Agency is now working on a more coherent plan on how to address environmental intelligence issues, and the scientific talent of the EIAP will be part of the overall intelligence Community effort in this area.

In December 1995, a senior CIA official testified at a hearing of the House National Security Committee's Subcommittee on Military Research and Development. In that testimony, which focused on Russian contamination of the Arctic Ocean, the official stated that the EIAP has demonstrated its ability to work closely with the Intelligence Community on issues that affect the U.S. national interest.

The EIAP combines the talents of the scientific community, the Intelligence Community, and other government agencies to respond to policy-related questions concerning world-wide pollution effects. This was exemplified by the project the CIA undertook in the fall 1994 to perform a quick, but technically sophisticated, analysis of the Komi oil spill in Russia—an analysis that could not have been done so quickly without the extensive engagement of the scientists from the EIAP as well as analysts from NOAA and EPA.

The Committee has questioned in the past some of the EIAP programs, because of their lack of focus. The EIAP program managers are now addressing these concerns. Information derived from the cooperative efforts of the EIAP and the Intelligence Community will assist other federal agencies previously authorized for the ETF departments. The Committee has, therefore, authorized \$6 million for the EIAP. Finally, the Committee is disturbed to learn that U.S. intelligence funds may have been used to pay for foreign government officials to appear before the Congress. If the source of their travel funds was not disclosed, this would, at a minimum, constitute an unfortunate mistake. The Committee will examine this matter further.

TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM AND RELATED PROVISIONS

Section 201.—Authorization of appropriations

Section 201 authorizes appropriations in the amount of \$184,200,000 for fiscal year 1996 for the Central Intelligence Agency Retirement and Disability Fund.

TITLE III—GENERAL PROVISIONS

Section 301.—Increase in employee compensation and benefits authorized by law

Section 301 provides that appropriations authorized by the conference report for salary, pay, retirement and other benefits for federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such compensation or benefits authorized by law.

Section 302.—Restriction on conduct of intelligence activities

Section 302 provides that the authorization of appropriations by the bill shall not be deemed to constitute authority for the conduct of any intelligence activity that is not otherwise authorized by the Constitution or laws of the United States.

Section 303.—Limitation on availability of funds for automatic declassification of records over twenty-five years old

This section establishes specific limits on authorizations for the expenditure of any appropriated funds for the purpose of carrying out Section 3.4 of Executive Order 12958, which directs the automatic declassification of documents older than 25 years. This section also authorizes the DCI to allocate funds to the agencies within the NFIP to carry out Section 3.4. Despite the fact that the outlines of the executive order were well understood, the President only prospectively requested minimal funds to carry out the provisions of the Executive Order, which was signed on April 17, 1995. During the drafting and refinement of the Executive Order, the Administration conducted its own internal estimate for the cost of implementing Section 3.4 and determined that it would cost at least \$450–500 million over five years. Prior to the passage of last year's Intelligence Authorization Act, the Committee received four different cost projections from the intelligence agencies affected by Section 3.4. Until a fiscally prudent program is developed, warehousing the same documents would only cost the U.S. taxpayers several hundred thousand dollars per year.

Section 307 of last year's Intelligence Authorization bill limited declassification expenditures at \$25 million in fiscal year 1996 and requested a specific budget request from the President for this declassification program. This provision reiterates the fiscal year 1996 language and again imposes a \$25 million ceiling during fiscal year 1997. It gives the Director of Central Intelligence authority to allocate these funds within the National Foreign Intelligence Program.

There is intense interest in this program in the Committee. Committee staff have sought, without success, to determine what the actual cost of implementing Executive Order 12958 will be. The declassification managers are being driven by arbitrary numbers of documents to be declassified. For example, the CIA program manager said he must reach his goal of 9 million documents this year. Therefore, traditional declassification procedures for careful review of all Intelligence Community holdings have been discarded; although costly, this traditional approach will offer greater protection from inadvertent and accidental disclosure of intelligence sources

and methods. To illustrate, CIA is implementing a “risk management approach” to begin declassification of 20 million low sensitivity pages this year. Trial use of this method has surfaced two boxes of classified documents. This necessitated a more vigorous review that in turn surfaced another half box of highly classified material, which is not scheduled for release at this time. Nevertheless, the CIA is proceeding with its “risk management” strategy in order to meet the goal of declassification of 15 percent of the documents (9 million pages) this year. To improve confidence in its “risk management” program, the CIA put in place an ancillary screening program to capture every classified document. CIA has acknowledged that more classified material has already been found and that some may still slip through, but this is a risk that the CIA is prepared to take.

The CIA, NSA, DIA, and NRO have all created offices and staffs to support this program. During this fiscal year, the money authorized has largely been spent for infrastructure. Since the Administration did not request funds in fiscal year 1996 for this “important” program, the CIA has already sought to reprogram funds from other high-priority programs. The reprogramming request was only received in April, more than three months after the Intelligence Authorization Bill was signed into law. When asked why the CIA did not resort to funding this program from its “reserve for contingencies,” the response was that this was not an unforeseen contingency. Hence, the CIA had to take funds from other programs to pay for this initiative.

The CIA’s initiative to begin work on the declassification of 40 million sensitive documents is behind schedule. Its “declassification factory” is not yet up and running, and it has encountered significant problems with automatic data processing. A software program, on which the CIA had rested its hopes for automating declassification, is not adaptable to its needs. The CIA must therefore start from scratch, and is only now beginning pilot testing of a new software program.

Section 304.—Application of sanctions laws to intelligence activities

This provision was first included in the fiscal year 1996 Intelligence Authorization Act; this section extends the provision’s lifetime until January 6, 1998. The provision amended the National Security Act of 1947 to provide the President with the statutory authority to delay the imposition of a sanction upon a presidential determination that to proceed with the sanction would risk the compromise of an ongoing criminal investigation or an intelligence source or method. The President would be required to lift any stay of a sanction as soon as possible. In addition, the provision would require the President to report to Congress immediately upon imposition of the stay and when the duration of any stay imposed exceeds 120 days.

Section 305.—Expedited naturalization

This provision allows for the naturalization of certain applicants without their having to comply with the following statutory requirements: (1) continuous residence within the United States for a period of at least five years after having been lawfully admitted

for permanent residence; (2) physical presence in the United States for at least 30 months of the five years preceding the date of filing a naturalization application; and (3) if applicable, freedom from membership or affiliation with the Communist Party or any other totalitarian organization for at least 10 years.

This section would apply to individuals who are the spouse, son, or daughter of a deceased alien who died as a result of having been compromised by an individual who intentionally made an unauthorized disclosure of classified information that revealed the alien's cooperation with the United States Government in its intelligence activities. This extraordinary naturalization benefit would be conferred upon these applicants in recognition of the hardship and difficulties they encounter following the death by execution of their spouse or parent. For example, this benefit would be considered for individuals such as surviving spouses, sons, and daughters of United States Government assets and informants who died after being compromised by Aldrich Ames.

TITLE IV—CENTRAL INTELLIGENCE AGENCY

Section 401.—Multi-year leasing authority

This provision clarifies the CIA's real property authority with respect to entering overt multi-year leases that could have terms as long as 15 years. Beginning in 1981, the CIA has routinely entered into a number of open multi-year leases in reliance upon section 8 of the CIA Act of 1949. The CIA's Inspector General raised concerns about the use of section 8 for overt leases. Accordingly, the CIA stopped signing multi-year leases in 1994. The CIA has incurred substantial costs as a result and has now sought legislative relief. GSA asserts that its role as a middle-man in such multi-year leasing arrangements reduces real property costs for the United States Government as a whole, but significant additional costs are borne by the CIA because GSA cannot move quickly and will not delegate leasing authority to the CIA.

At a HPSCI hearing on May 1, 1996, CIA officials made the following arguments in support of granting the Agency multi-year leasing authority: (1) savings can be realized in rental and renovation costs because landlords will offer lower rent and higher renovation contributions when they have the security of a 5–10 year lease; (2) in response to continually changing intelligence requirements, the CIA needs the flexibility to acquire appropriate space on short notice; (3) the CIA has unique facility telecommunications and security “fit-up” requirements that require investments that are not cost-effective under single-year leases; (4) CIA is unique within the U.S. Government in that it does have authority to acquire space for overt requirements, but not on a multi-year basis; (5) landlords demand removal of and restoration for CIA-unique renovations in a short-term lease, and thereby drive up the costs of leased space; and (6) GSA management has not been cost-efficient, expeditious, or responsive to CIA's unique leasing requirements.

GSA has stated that it is developing a new pricing plan and reforming their internal procedures to address CIA's concerns. The Committee welcomes this effort by the GSA. The Committee ex-

pects that the GSA will share the details of this plan with the CIA as well as any regulations necessary to implement it prior to the conference. Likewise, the Committee expects the CIA to evaluate any reform proposal developed by GSA. The Committee will assess the GSA proposal with the CIA's comments as it prepares for conference.

Section 402.—Repeal of additional surcharge relating to employees who retire or resign in fiscal years 1998 or 1999 and who receive voluntary separation incentive payments

This provision would relieve CIA from being required to make double payments to the Civil Service Retirement and Disability Fund for those Agency employees who take an early retirement under the Civil Service Retirement System (CSRS) in fiscal years 1998 and 1999 and receive separation incentives. This section would avoid this duplicative charge to CIA, by repealing subsection (i) of the Central Intelligence Agency Voluntary Separation Pay Act.

The Intelligence Authorization Act for Fiscal year 1996 amended the CIA Voluntary Separation Pay Act (CVSPA) extending CIA's authority to offer voluntary separation incentives through fiscal year 1999. It also amended the CVSPA by adding a new section that requires the Director of Central Intelligence to remit to the Office of Personnel Management for deposit in the Civil Service Retirement and Disability Fund an amount equal to 15 percent of the final basic pay of each CSRS and FERS employee who voluntarily retires, and each CIA employee who resigns, in fiscal years 1998 and 1999 and receives separation incentive payments.

It was not the intent of the Congress to have CIA make double payments to the Civil Service Retirement and Disability Fund of 24 percent of the final basic pay of those employees taking early CSRS retirement and receiving separation incentives in fiscal years 1998 and 1999. This provision will rectify this situation.

Section 403.—Implementation of intelligence community personnel reforms

On April 23, 1996, DCI Deutch announced a package of CIA personnel reforms that will affect Intelligence Community personnel at CIA and in the various DOD intelligence agencies. In recent briefings for HPSCI staff, information on the costs and program specifics of the reform proposals has been lacking in detail. The sweeping nature of these proposals will require further briefings and hearings to develop a firm legislative record. This provision blocks the expenditure of any amounts to implement any Intelligence Community personnel reforms until the Members of the Congressional intelligence committees have been fully briefed on these personnel reform proposals. It will send a clear signal that the Committee expects to be a full partner in any personnel reform plan implemented by the Director of Central Intelligence.

TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE ACTIVITIES

Section 501.—Standardization for certain department of defense intelligence agencies of exemptions from disclosure of organizational and personnel information

This provision corrects unnecessary differences between the information disclosure statutes of the Defense Intelligence Agency (10 U.S.C. 424) and the National Reconnaissance Office (10 U.S.C. 425). Both statutes were adopted after the last major revision of the Freedom of Information Act (FOIA) in 1986, yet they contain distinctions that are unwarranted given the classified and sensitive functions of those agencies that are vital to national security.

The amendments will make the DIA and the NRO disclosure statutes parallel to and more consistent with the older disclosure statutes of CIA and NSA. This will result in greater consistency in the handling of sensitive information and ensure greater security.

COMMITTEE POSITION

On May 7, 1996, the Permanent Select Committee on Intelligence, a quorum being present, approved the bill, as amended by an amendment in the nature of a substitute, and, by a recorded vote of 10 ayes to 0 noes, ordered it favorably reported. On that recorded vote the Members present voted as follows: Mr. Combest (Chairman)—aye; Mr. Dornan—aye; Mr. Young—aye; Mr. Lewis—aye; Mr. Goss—aye; Mr. Castle—aye; Mr. Dicks—aye; Mr. Richardson—aye; Mr. Coleman—aye; Mr. Skaggs—aye. The Committee, by voice vote, also authorized and directed the Chairman, or his designee, to make a motion under Rule XX of the House at the appropriate time to expedite taking the bill to conference with the Senate.

FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON
GOVERNMENT REFORM AND OVERSIGHT

With respect to clause 2(l)(3)(D) of rule XI of the House of Representatives, the Committee has not received a report from the Committee on Government Reform and Oversight pertaining to the subject to this bill.

OVERSIGHT FINDINGS

With respect to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee held six hearings, as well as a number of briefings, on the classified legislative, personnel, programmatic and budgetary issues raised by H.R. 3259. Testimony was heard from the Director of Central Intelligence, the Director of the National Security Agency, the Director of the Defense Intelligence Agency, numerous program managers and various other knowledgeable witnesses on the activities and plans of the Intelligence Community covered by this intelligence authorization bill. The bill, as reported by the Committee, reflects conclusions reached by the Committee in light of that oversight activity.

FISCAL YEAR COST PROJECTIONS

The Committee has attempted pursuant to clause 7(a)(1) of rule XIII of the Rules of the House of Representatives to ascertain the outlays that will occur in fiscal year 1997 and the five years following if these amounts are appropriated. These estimates are contained in the classified annex and are in accordance with those of the executive branch.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

In compliance with clause 2(l)(3) (B) and (C) of rule XI of the Rules of the House of Representatives, an estimate prepared by the Congressional Budget Office submitted pursuant to sections 308 and 403 of the Congressional Budget Act of 1974 is as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 14, 1996.

Hon. LARRY COMBEST
Chairman, Permanent Select Committee on Intelligence, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3259, the Intelligence Authorization Act for Fiscal Year 1997, as ordered reported by the House Permanent Select Committee on Intelligence on May 7, 1996.

The bill would affect direct spending and thus would be subject to pay-as-you-go procedures under section 252 of the Balanced Budget and Emergency Deficit Control Act.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

PAUL VAN DE WATER
(For June E. O'Neill, *Director*).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 3259.
2. Bill title: Intelligence Authorization Act for Fiscal Year 1997.
3. Bill status: As ordered reported by the House Permanent Select Committee on Intelligence on May 7, 1996.
4. Bill purpose: This bill would authorize appropriations for fiscal year 1997 for intelligence activities of the United States government, the Community Management Staff of the Director of Central Intelligence, and the Central Intelligence Agency Retirement and Disability System (CIARDS).
5. Estimated cost to the Federal Government: Table 1 summarizes the budgetary effects of the bill. It shows the effects of the bill on direct spending and authorizations of appropriations for 1997. CBO was unable to obtain the necessary information to estimate the costs for the entire bill because parts are classified at a level above clearances now held by CBO employees. The estimated costs in Table 1, therefore, reflect only the costs of the unclassified portions of the bill.

6. Basis of estimate: For purposes of this estimate, CBO assumed that H.R. 3259 will be enacted by October 1, 1996, and that the full amounts authorized will be appropriated for fiscal year 1997. Outlays are estimated according to historical spending patterns for intelligence programs.

Direct spending

Section 402 would repeal the surcharge associated with Central Intelligence Agency (CIA) employees who receive a voluntary separation incentive payment in fiscal years 1998 or 1999. Under current law, the CIA must pay the Civil Service Retirement Trust Fund 15 percent of final salary of all those who take a separation incentive payment in 1998 or 1999. Based on data from the CIA, CBO estimates that about 625 employees will take an incentive payment in those years. The result would be an estimated loss in mandatory offsetting receipts of \$3 million in both 1998 and 1999 and a corresponding reduction in discretionary spending.

Section 401 would allow the Director of Central Intelligence to enter into long-term leases without them being subject to appropriations action. Thus, it would create direct spending authority equal to the net present value of the government's obligation over the term of the lease; outlays would equal the actual lease payments. CBO does not have enough information to estimate these costs, but they could amount to millions or tens of millions of dollars a year.

TABLE 1.—ESTIMATED COST TO THE FEDERAL GOVERNMENT OF THE UNCLASSIFIED SECTIONS OF H.R. 3259

[By fiscal years, in millions of dollars]

	1996	1997	1998	1999	2000	2001	2002
DIRECT SPENDING ¹							
Direct spending:							
Estimated budget authority	0	0	3	3	0	0	0
Estimated outlays	0	0	3	3	0	0	0
SPENDING SUBJECT TO APPROPRIATIONS							
Spending under current law:							
Budget authority ²	305	0	0	0	0	0	0
Estimated outlays	350	39	19	5	0	0	0
Proposed changes:							
Estimated authorization level	0	351	0	0	0	0	0
Estimated outlays	0	280	39	24	8	0	0
Spending under the bill:							
Estimated authorization level ²	305	351	0	0	0	0	0
Estimated outlays	350	319	58	29	8	0	0

¹ Does not include the cost of long-term leases under section 401.

² The 1996 figures is the amount appropriated for programs authorized by this bill.

Note.—Because parts of this bill are highly classified, CBO is unable to provide a full accounting of the bill's costs over the 1997–2000 period.

Authorization of appropriations

Section 104 would authorize appropriations of \$93.6 million for 1997 for the Intelligence Community Management Account of the Director of Central Intelligence (DCI). In addition, section 104 would authorize \$25 million for the National Foreign Intelligence Program, \$32.1 million for the National Drug Intelligence Center, and \$6 million for the Environmental Intelligence and Applications

Program. Similarly, section 201 specifies an authorization of appropriations for a contribution to the Central Intelligence Agency Retirement and Disability fund of \$194.4 million.

7. Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. CBO estimates that H.R. 3259 as ordered reported by the Permanent Select Committee on Intelligence would have the following pay-as-you-go impact:

(By fiscal years, in millions of dollars)

	1996	1997	1998
Changes in outlays ¹	0	0	3
Changes in receipts	(²)	(²)	(²)

¹ The table does not include the cost of long-term leases under section 401.

² Not applicable.

8. Estimated impact on State, local, and tribal governments: Section 4 of Public Law 104-4 excludes from application of that Act legislative provisions that are necessary for the national security. CBO has determined that all the provisions of H.R. 3259 either fit within this exclusion or do not contain mandates as defined by Public Law 104-4.

9. Estimated impact on the private sector: Section 4 of Public Law 104-4 excludes from application of that Act legislative provisions that are necessary for the national security. CBO has determined that all the provisions of H.R. 3259 either fit within this exclusion or do not contain mandates as defined by Public Law 104-4.

10. Previous CBO estimate: None.

11. Estimate prepared by: Wayne Boyington and Jeannette Van Winkle.

12. Estimate approved by: Michael A. Miller for Paul N. Van de Water Assistant Director for Budget Analysis.

COMMITTEE COST ESTIMATES

The Committee agrees with the estimate of the Congressional Budget Office.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the Committee has attempted to estimate the inflationary impact of enactment of the bill.

The Committee finds no adequate method to identify the inflationary impact of this legislation. The bill does not provide specific budget authority but rather authorizations for appropriations. Thus, any inflationary impact would depend on the amounts actually appropriated and the effects that supplies of materials, production capacity or other economic resources would have on prices and costs in the operation of the national economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as re-

ported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 307 OF THE INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1996

SEC. 307. LIMITATION ON AVAILABILITY OF FUNDS FOR AUTOMATIC DECLASSIFICATION OF RECORDS OVER 25 YEARS OLD.

(a) IN GENERAL.—The Director of Central Intelligence shall use no more than \$25,000,000 of the amounts authorized to be appropriated for [fiscal year 1996 by this Act] *any of the fiscal years 1996 through 2000* for the National Foreign Intelligence Program to carry out the provisions of section 3.4 of Executive Order 12958. The Director may, in the Director's discretion, draw on this amount for allocation to the agencies within the National Foreign Intelligence Program for the purpose of automatic declassification of records over 25 years old.

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NATIONAL SECURITY ACT OF 1947

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TITLE IX—APPLICATION OF SANCTIONS LAWS TO INTELLIGENCE ACTIVITIES

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LAWS SUBJECT TO STAY

SEC. 904. The President may use the authority of sections 901 and 902 to stay the imposition of an economic, cultural, diplomatic, or other sanction or related action by the United States Government related to the proliferation of weapons of mass destruction, their delivery systems, or advanced conventional weapons otherwise [required to be imposed by the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102–182); the Nuclear Proliferation Prevention Act of 1994 (title VIII of Public Law 103–236); title XVII of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510) (relating to the nonproliferation of missile technology); the Iran-Iraq Arms Nonproliferation Act of 1992 (title XVI of Public Law 102–484); section 573 of the Foreign Operations, Export Financing Related Programs Appropriations Act, 1994 (Public Law 103–87); section 563 of the Foreign Operations, Export Financing Related Programs Appropriations Act, 1995 (Public Law 103–306); and comparable provisions.] *required to be imposed by any of the following provisions of law:*

(1) *The Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (title III of Public Law 102–182).*

(2) *The Nuclear Proliferation Prevention Act of 1994 (title VIII of Public Law 103–236).*

(3) *Section 11B of the Export Administration Act of 1979 (50 U.S.C. App. 2410b).*

(4) Chapter 7 of the Arms Export Control Act (22 U.S.C. 2797 et seq.).

(5) The Iran-Iraq Arms Non-Proliferation Act of 1992 (title XVI of Public Law 102-484).

(6) The following provisions of annual appropriations Acts:

(A) Section 573 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1994 (Public Law 103-87; 107 Stat. 972).

(B) Section 563 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1995 (Public Law 103-306; 108 Stat. 1649).

(C) Section 552 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1996 (Public Law 104-107; 110 Stat. 741).

(7) Comparable provisions.

APPLICATION

SEC. 905. This title shall cease to be effective [on the date which is one year after the date of the enactment of this title] on January 6, 1998.

SECTION 5 OF THE CENTRAL INTELLIGENCE AGENCY ACT OF 1949

GENERAL AUTHORITIES

SEC. 5. In the performance of its functions, the Central Intelligence Agency is authorized to—

(a) * * *

* * * * *

[(e) Make alterations, improvements, and repairs on premises rented by the Agency, and pay rent therefor without regard to limitations on expenditures contained in the Act of June 30, 1932, as amended: *Provided*, That in each case the Director shall certify that exception from such limitations is necessary to the successful performance of the Agency's functions or to the security of its activities; and]

(e) *Make alterations, improvements, and repairs on premises rented by the Agency and, for the purpose of furthering the cost-efficient acquisition of Agency facilities, enter into multiyear leases for up to 15 years that are not otherwise authorized pursuant to section 8 of this Act; and*

* * * * *

SECTION 2 OF THE CENTRAL INTELLIGENCE AGENCY VOLUNTARY SEPARATION PAY ACT

SEC. 2. SEPARATION PAY.

(a) * * *

* * * * *

[(i) REMITTANCE OF FUNDS.—The Director shall remit to the Office of Personnel Management for deposit in the Treasury of the

United States to the credit of the Civil Service Retirement and Disability Fund (in addition to any other payments which the Director is required to make under subchapter III of chapter 83 and subchapter II of chapter 84 of title 5, United States Code), an amount equal to 15 percent of the final basic pay of each employee who, in fiscal year 1998 or fiscal year 1999, retires voluntarily under section 8336, 8412, or 8414 of such title or resigns and to whom a voluntary separation incentive payment has been or is to be paid under this section.】

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TITLE 10, UNITED STATES CODE

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Subtitle A—General Military Law

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PART I—ORGANIZATION AND GENERAL MILITARY POWERS

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CHAPTER 21—DEPARTMENT OF DEFENSE INTELLIGENCE MATTERS

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SUBCHAPTER I—GENERAL MATTERS

Sec.

421. Funds for foreign cryptologic support.

* * * * *

【424. Disclosure of organizational and personnel information: exemption for Defense Intelligence Agency.

【425. Disclosure of personnel information: exemption for National Reconnaissance Office.】

424. *Disclosure of organizational and personnel information: exemption for the Defense Intelligence Agency and National Reconnaissance Office.*

* * * * *

【§ 424. Disclosure of organizational and personnel information: exemption for Defense Intelligence Agency

【(a) Except as required by the President or as provided in subsection (b), the Secretary of Defense may not be required to disclose information with respect to—

【(1) the organization or any function of the Defense Intelligence Agency; or

【(2) the number of persons employed by or assigned or detailed to such Agency or the name, official title, occupational series, grade, or salary of any such person.

【(b) This section does not apply—

- [(1) with respect to the provision of information to Congress;
or
[(2) with respect to information required to be disclosed by
section 552 or 552a of title 5.

**[§ 425. Disclosure of personnel information: exemption for
National Reconnaissance Office**

[(a) EXEMPTION FROM DISCLOSURE.—Except as required by the President or as provided in subsection (b), no provision of law shall be construed to require the disclosure of the name, title, or salary of any person employed by, or assigned or detailed to, the National Reconnaissance Office or the disclosure of the number of such persons.

[(b) PROVISION OF INFORMATION TO CONGRESS.—Subsection (a) does not apply with respect to the provision of information to Congress.]

§ 424. *Disclosure of organizational and personnel information: exemption for the Defense Intelligence Agency and National Reconnaissance Office*

(a) *EXEMPTION FROM DISCLOSURE.—Except as required by the President or as provided in subsection (b), no provision of law shall be construed to require the disclosure of—*

- (1) the organization or any function of the Defense Intelligence Agency or the National Reconnaissance Office; or*
- (2) the number of persons employed by or assigned or detailed to that Agency or Office or the name, official title, occupational series, grade, or salary of any such person.*

(b) *PROVISION OF INFORMATION TO CONGRESS.—Subsection (a) does not apply with respect to the provision of information to Congress.*

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MINORITY VIEWS

INTRODUCTION

Although the bill was reported without recorded dissent, we have concerns about some of its provisions, particularly those affecting the National Reconnaissance Program. Those concerns are set forth in detail in the classified annex to this report. We were encouraged by Chairman Combest's assurances at the markup of this bill that issues concerning the direction and composition of our nation's satellite architecture would be explored through extensive hearings prior to conference with the Senate. We expect that those hearings will involve agencies, particularly the Department of Defense, that are affected by the decisions embodied in this legislation regarding our satellite architecture. It is essential that we clearly understand the impact that these decisions will have on our national security as reflected in the ability of battlefield commanders to effectively conduct military operations.

The following discussion is of issues in the unclassified bill and report in which we disagree with positions taken by the majority.

PERSONNEL REFORM

Section 403 prohibits any funds authorized to be appropriated by the bill from being used to implement any intelligence community personnel reform until the congressional intelligence committees are fully briefed about such personnel reform.

On April 23, 1996, the Director of Central Intelligence generally described to the committee a major personnel initiative announced only the day before to employees of the Central Intelligence Agency. In the period between the Director's appearance before the committee and the date of the markup, substantial additional information about the initiative was provided. While questions remain, the statutory prohibition in section 403 can be read to imply that the Director has refused to provide whatever information on the personnel initiative that the committee might request, or that he intends to implement the initiative without the congressional approvals needed to redirect the use of appropriated funds. Neither implication is supported by the facts.

Further, language in the classified annex accompanying the bill duplicates the stated purpose of section 403 which is to ensure that the committee is fully apprised of personnel reforms within the intelligence community. We believe it is always good practice to ensure that committee members are fully informed in an area as potentially controversial as personnel reform before they are asked to take action on a legislative proposal approving a major change in that area. That result, with respect to the CIA initiative, would be achieved by the language in the classified annex. Section 403 is,

therefore, unnecessary and should be deleted from the bill as the legislative process proceeds.

DECLASSIFICATION

Implementation of section 3.4 of Executive Order 12958 on Classified National Security Information continues to be an issue of debate in the committee. This executive order, signed April 17, 1995, prescribes a uniform system for classifying, safeguarding, and declassifying national security information. It is intended to protect information critical to our national security, but recognizes that the nation's democratic principles require that the American people be informed of the activities of their government when it is possible to do so. Section 3.4 requires that, unless grounds for an exemption exist, classified information contained in records that are over 25 years old, and of permanent historical value, shall be automatically declassified within five years of the order whether or not the records have been reviewed. Information is exempt from declassification if, among other reasons, its release can be expected to reveal the identity of human sources; impair U.S. cryptologic systems or activities; undermine ongoing diplomatic activities; or assist in the development of weapons of mass destruction.

The Intelligence Authorization Act for Fiscal Year 1996 limited the Director of Central Intelligence to spending no more than \$25 million to implement section 3.4 from funds otherwise authorized in the Act. The Act also required the President to submit budget requests for fiscal years 1997 through 2000 which specifically set forth the funds requested for implementation. The conferees also urged the effort be coordinated closely with CIA's Historical Review Program Office to enhance the intellectual coherence of the declassification process.

We commend the program managers of CIA, NSA, NRO and DIA for the significant progress they have made over the last year in planning how they will implement the requirements of section 3.4. The program managers are working cooperatively to facilitate the development of an on-line, virtual analytic environment to speed and simplify the redaction of documents. They are acting jointly to handle documents located at the presidential libraries, and the DCI has made a commitment to bring historical coherence to the process. We do not believe the funding requested for implementation of section 3.4 in fiscal year 1997 was excessive in the context of the overall National Foreign Intelligence Program.

Nevertheless, the bill deletes the specific budget requests found in the Central Intelligence Agency Program, Consolidated Cryptologic Program, National Reconnaissance Program, and General Defense Intelligence Program. Instead, section 104 of the bill authorizes 425 million for FY 1997 to carry out the Executive Order provisions. Section 303 of the bill makes \$25 million and annual ceiling on funding through fiscal year 2000 and allows the Director, in his discretion, to draw on this amount for allocation to the agencies within the National Foreign Intelligence Program. Although we would have preferred full funding for this effort in each of the individual programs, the reduction imposed by the bill is relatively minor.

We have noted that the majority may be proposing that a risk-elimination approach be adopted in handling the review of classified documents. It seems to us that the risk management philosophy adopted by the agencies is simply a sensible acknowledgement that resources should be focused on areas of greatest risk; it is not an abdication of responsibility to protect sources and methods. A totally risk adverse approach does not seem to be justified, particularly from the standpoint of cost. We believe the declassification of documents that remain classified for no other reason than inertia can be managed both in resource terms and in the protection of sensitive information.

ENVIRONMENTAL INTELLIGENCE AND APPLICATIONS PROGRAM

Section 104 of the bill authorizes funding for the Environmental Intelligence and Applications Program (EIAP), formerly the Environmental Task Force, and the MEDEA scientists at \$6 million, less than half the President's budget request. While we are heartened the funding for the program was not eliminated, as the original version of this legislation had proposed, we continue to be puzzled why this one program had been singled out among all the analytic efforts in the intelligence community. It is clearly responsive to the needs of national policymakers, brings unique information to our understanding of global environmental challenges, and has proven benefits for the intelligence community's own exploitation of national technical means.

The Environmental Task Force, the initial phase of the EIAP, evaluate data collected by national technical means for their utility for scientific study of the environment. Its recommendations were a factor in the declassification of imagery from the Corona, Argon, and Lanyard systems. The MEDEA scientists who conducted that evaluation have continued to be a source of scientific talent for the intelligence community in addressing significant national questions involving environmental issues.

The EIAP in fiscal year 1997 will continue to implement the "global fiducial" data bank project. Classified digital data on a set of environmentally sensitive points around the globe will be collected by the intelligence community and stored by the civil and military environmental agencies as a legacy for future generations of environmental scientists until such time as these data are declassified. This seems to be a low cost investment that could pay large scientific dividends in the future.

The EIAP has been particularly useful to the U.S. Navy. Admiral J.M. Boorda, Chief of Naval Operations, spelled out the benefits and activities of the EIAP in a recent letter to the Committee's Ranking Democratic Member:

CHIEF OF NAVAL OPERATIONS,
May 1, 1996.

Hon. NORMAN DICKS,
Ranking Minority Member, Permanent Select Committee on Intelligence, House of Representatives, Washington, DC.

DEAR NORM: Thank you for your letter of April 24, 1996 expressing interest in the Measurement of Earth Data for Environmental Analysis (MEDEA) and the plans for the FY97 Environmental In-

telligence and Applications Program (EIAP) funding included in the President's budget. As you know, MEDEA is a gathering of prominent American scientists cleared for access to highly classified data. They have been identifying the value of this national source data, and some classified Navy data sets, for use in addressing civil environmental problems. With these data the scientists are making a number of important discoveries, some of which can be applied to military as well as civil challenges.

The Navy sees a number of benefits to the EIAP effort. In addition to developing emerging technologies and techniques, this project brings together the nation's top civil scientists with our operational and research oceanographers at a highly classified level. Such a close relationship provides Navy with the unique opportunity to apply civil academic talent to problems in Naval oceanography. Furthermore, we expect MEDEA to play a major role in cooperative projects sponsored under the National Oceanographic Partnership Act, introduced into the House on April 23, 1996 by Congressmen Weldon and Kennedy.

You mentioned in your letter the upcoming U.S. Navy-Russian Federation Navy cooperative survey in the Sea of Okhotsk. Interest of the Gore-Chernomyrdin Commission Environmental Working Group has been a strong catalyst in allowing us to complete our negotiations for this Navy agreement. As a result of the cooperative effort, the U.S. Navy will survey in an area closer to continental Russia than ever before and will get twice as much data as could have been collected unilaterally.

I hope this information has been useful to you and your Committee. Please don't hesitate to contact my staff with any further questions.

Sincerely,

J.M. BOORDA, *Admiral, U.S. Navy.*

We remain hopeful the EIAP can be fully funded in conference.

NORM DICKS.
BILL RICHARDSON.
JULIAN C. DIXON.
ROBERT TORRICELLI.
RONALD D. COLEMAN.
DAVID E. SKAGGS.
NANCY PELOSI.

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